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# ***Daily Report***

## **China**

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# Daily Report

## China

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### CONTENTS

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#### INTERNATIONAL AFFAIRS

##### General

PRC: Spokesman Notes 'High-Handed Attitude' of U.S. on IPR [AFP]	1
PRC: Spokesman on IPR Talks of 'Equal Footing' With U.S. [XINHUA]	1
PRC: Spokesman on CTBT, 'Peaceful' Nuclear Explosions [AFP]	2
PRC: Spokesman on Illegal Immigrants in Australia [Beijing Radio]	2
PRC: NPC Report on Qiao Shi's 5-Nation Visit [XINHUA]	2
PRC: Jiang Zemin on International Affairs While in Egypt [XINHUA]	5
PRC: Beijing 'Will Not' Reduce Diplomatic Presence in Sudan [XINHUA]	6

##### United States & Canada

PRC: U.S. Announces Trade Sanctions on Chinese Exports [XINHUA]	6
PRC: U.S. Trade Sanctions Termed 'Serious Step' [XINHUA]	7
PRC: Spokesman Cites 'Strong Indignation' on U.S. Sanctions [XINHUA]	7
PRC: Copyright Bureau Reacts to U.S. Trade Sanctions [XINHUA]	8
PRC: MOFTEC Issues Statement Opposing U.S. Sanctions [XINHUA]	9
PRC: Beijing Announces Retaliation Against U.S. Sanctions [Hong Kong TA KUNG PAO 16 May]	10
PRC: MOFTEC Details List of Countermeasures Against U.S. [XINHUA]	11
PRC: Article Views Sustained U.S. Economic Recovery [RENMIN RIBAO 7 May]	11
PRC: High-Ranking Official Interviewed on 'Foreign Garbage' Case [XINHUA]	13

##### Near East & South Asia

PRC: Column Urges Cease-Fire in Middle East [RENMIN RIBAO 20 Apr]	14
PRC: Egypt Looks Forward to More Chinese Investments [XINHUA]	14
PRC: Jiang Zemin Discusses Sino-Egyptian Cooperation [XINHUA]	15
PRC: Jiang Affirms Support for Mideast Peace Process [XINHUA]	15
PRC: Jiang Zemin Meets With Journalists in Egypt [XINHUA]	16
PRC: Report on Jiang's Press Conference in Egypt [XINHUA]	17
PRC: Jiang's Visit to Egypt Termed 'Very Successful' [XINHUA]	20

##### Sub-Saharan Africa

PRC: 'Full Text' of Jiang Speech in Addis Ababa [XINHUA]	20
PRC: Ethiopian Press Hails Jiang's Visit as Success [XINHUA]	24

#### NATIONAL AFFAIRS

##### Political & Social

PRC: Tokyo Journal on Taiwan Strait Political Dynamics [Tokyo SAPIO 8 May]	25
PRC: Huang Ju Speech on Administration of Urban Areas [JIEFANG RIBAO 22 Apr]	27
PRC: Li Peng Inspects Anhui Province 30 Apr-4 May [XINHUA]	32
PRC: Beijing To Abide by UN Maritime Convention [XINHUA]	34



PRC: Declaration on Sea Baselines for Paracel Islands [XINHUA]	35
PRC: NPC Approves 5 Laws 15 May; Qiao Shi Chairs Session [XINHUA]	36
PRC: National People's Congress Passes Lawyers Law 15 May [XINHUA]	37
PRC: Electric Power Supply, Consumption Regulations Issued [XINHUA]	37
PRC: New System Designed To Supervise Leading Officials [Hong Kong MING PAO 9 May]	42
PRC: Study of Cultural Implications of Modernization Urged [CHINA DAILY 15 May]	42
PRC: CPC Members To Study Theory, Party Constitution [RENMIN RIBAO 20 Apr]	44
PRC: Youth Attend Forum on Studying Deng Xiaoping Theory [XINHUA]	45
PRC: Authorities Ban Special Articles on Cultural Revolution [Hong Kong SOUTH CHINA MORNING POST 16 May]	46
PRC: Propaganda Department Bans Cultural Revolution Articles [Hong Kong SING TAO JIH PAO 15 May]	47
PRC: Beijing Warns Against Xinjiang Separatists [AFP]	48
PRC: Crime, Punishment in PRC for 16 Apr-15 May [Hong Kong TA KUNG PAO, etc.]	48

### Military & Public Security

PRC: Editorial on Implementing Jiang's 5 Requirements [JIEFANGJUN BAO 7 May]	50
PRC: Beijing Missile Regiment Modernizes Equipment [JIEFANGJUN BAO 28 Mar]	51
PRC: PLA Logistics in Information Age Examined [JIEFANGJUN BAO 26 Mar]	53
PRC: PLA Telecommunications Unit Hailed [JIEFANGJUN BAO 8 Apr]	56
PRC: Commentator on Placement of Demobilized Servicemen [RENMIN RIBAO 21 Apr]	61
PRC: RENMIN RIBAO Editorial Praises Crime Crackdown [XINHUA]	62
PRC: RENMIN RIBAO Commentary on Crime Crackdown Cited [XINHUA]	63
PRC: Nationwide Crackdown on Crime Said Fruitful [XINHUA]	64
PRC: Jia Qinglin Address Fujian Meeting on Combating Crime [FUJIAN RIBAO 29 Apr]	64
PRC: Crackdown on Pirated Albums Said To Help U.S. Sales [Beijing International]	66
PRC: Xinjiang Launches 'Severe' Crackdown Campaign [XINJIANG RIBAO 29 Apr]	66

### ECONOMIC AFFAIRS

#### General

PRC: Experts Issue 'Eight-Point' Proposal for Ending Poverty [XINHUA]	68
*PRC: Prices of Passenger Automobiles Viewed [JINGJI RIBAO 1 Mar]	68
*PRC: State, Local Policies Toward Auto Industry Viewed [JINGJI RIBAO 6 Mar]	69
*PRC: Prospects for Auto Industry Discussed [JINGJI RIBAO 12 Mar]	71
PRC: Government To End 'Notorious Cocoon War' [XINHUA]	73

#### Finance & Banking

PRC: Finance Official: Yuan Devaluation 'Will Not Happen' [XINHUA]	73
PRC: Devaluation of Renminbi Not Expected [ZHONGGUO XINWEN SHE]	74
PRC: Government Body Predicts Steady Exchange Rate for Renminbi [ZHONGGUO XINWEN SHE]	74
PRC: Explanation of Term 'Demand-Pull Price Hikes' [XINHUA]	75
PRC: Provincial State Development Bank Loans Discussed [XINHUA]	75
PRC: National Bonds Worth RMB 130 Billion Issued [ZHONGGUO XINWEN SHE]	75
PRC: Central Bank Official on Interest Rates [RENMIN RIBAO 1 May]	76

#### Foreign Trade & Investment

PRC: Audio, Visual Products Management Conference Opens [XINHUA]	77
PRC: Audiovisual Market Rectification Announced for Jun-Aug [XINHUA]	78
PRC: Government To Tighten Control of Audiovisual Market [XINHUA]	79
PRC: Zou Jiahua Meets U.S. Automobile Executives 16 May [XINHUA]	79

PRC: Oil Firm, Chevron Sign Oil Exploration Contract 16 May [XINHUA]	79
PRC: U.S. Engine Firm To Open Outlets in Major Cities [XINHUA]	80
PRC: U.S. Cola Firm Holds Three-Fifths of Wuhan Soda Market [XINHUA]	80
PRC: Shanghai Customs Promotes 'Export-Oriented Processing' [XINHUA]	80
PRC: Wuhan Attracts Foreign Banks With Business Opportunities [XINHUA]	81

### Agriculture

PRC: Economist Warns Low Farm Incomes May Lead To Crisis [Hong Kong SOUTH CHINA MORNING POST 16 May]	81
PRC: Cries of Fertilizer Producers Examined [JINGJI CANKAO BAO 27 Mar]	81
PRC: Local Government Complaints Over Fertilizer Prices [JINGJI CANKAO BAO 28 Mar]	83
PRC: Guangxi Sugar Production Sets 'Historical Record' [XINHUA]	85
PRC: Henan To Have 'Good' Wheat Harvest [XINHUA]	85

## REGIONAL AFFAIRS

### Southwest Region

PRC: Sichuan Party Chief Interviewed on Industry [WEN HUI BAO 25 Apr]	86
*PRC: Demographic Data on Sichuan Province [SICHUAN RIBAO 20 Feb]	87
PRC: Tibet Chairman Presents Economic Development Plan [ZHONGGUO XINWEN SHE]	87
PRC: Tibet Launches 'Serious' Fight Against Crime [Lhasa TV]	88
PRC: Kunming Police Launch Crackdown on Criminals [ZHONGGUO XINWEN SHE]	89

## PRC MEDIA ON TAIWAN AFFAIRS

PRC: State Drafting Rules To Protect Taiwan Investors [CHINA DAILY 15 May]	90
PRC: Taiwan Scholars on Improving Cross-Strait Ties [ZHONGGUO TONGXUN SHE]	90
PRC: CPPCC Official Stresses 'One Country, Two Systems' [ZHONGGUO XINWEN SHE]	91

## TAIWAN

Taiwan: Local Impact of U.S. Trade Sanctions on PRC Viewed [Taiwan Central News Agency WWW]	92
Taiwan: Taipei Urges PRC, U.S. To Settle Differences [AFP]	92
Taiwan: Premier Lien, Cabinet Resign [Taiwan Central News Agency WWW]	93
Taiwan: President Li Rules Out Another Term [Taiwan Central News Agency WWW]	93
Taiwan: Over 1,000 Reporters To Cover Li Inauguration [Taiwan Central News Agency WWW]	94
Taiwan: Vatican Envoy to Attend Li Inauguration [Taiwan Central News Agency WWW]	94
Taiwan: Inauguration Celebrations on 20 May Detailed [Taipei Radio]	94
Taiwan: Lien Asks Government To Break Even by FY01 [Taiwan Central News Agency WWW]	95
Taiwan: DPP Allows Members To Serve as Presidential Advisers [Taiwan Central News Agency WWW]	95
Taiwan: DPP To Set Up Taiwan-Japan Youth Forum [Taiwan Central News Agency WWW]	96
Taiwan: Tokyo Journal Reports on 'Secret' PRC Document [Tokyo SAPIO 22 May]	96
Taiwan: Vice Economics Minister Li To Visit Japan [Taiwan Central News Agency WWW]	99
Taiwan: Minister Says Trade Gap With Japan Expected To Drop [Taiwan Central News Agency WWW]	100
Taiwan: Delegation Concludes 3-Nation European Tour [Taiwan Central News Agency WWW]	100
Taiwan: European Trip Helps Boost Communication [Taiwan Central News Agency WWW]	101
Taiwan: Sovereign Rights Over Territorial Waters Affirmed [Taiwan Central News Agency WWW]	101

## HONG KONG & MACAO

### Hong Kong

Hong Kong: Hong Kong, PRC Reaction to U.S. Hit List [Hong Kong Radio]	102
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Hong Kong: Hong Kong To Suffer in Sino-U.S. Trade War [ <i>Hong Kong EASTERN EXPRESS 16 May</i> ] .....	102
Hong Kong: Financial Sector Reaction to Sanctions 'Muted' [ <i>Hong Kong SOUTH CHINA MORNING POST 16 May</i> ] .....	103
Hong Kong: Sanctions To Affect Electronics Industry [ <i>Hong Kong EASTERN EXPRESS 16 May</i> ] .....	103
Hong Kong: Local Companies 'Well-Prepared' for Sanctions [ <i>Hong Kong EASTERN EXPRESS 16 May</i> ] .....	104
Hong Kong: Zhou Nan Affirms Citizenship Arrangements [ <i>XINHUA</i> ] .....	105
Hong Kong: NPC on Nationality Law Application to Hong Kong [ <i>ZHONGGUO XINWEN SHE</i> ] .....	105



## General

### PRC: Spokesman Notes 'High-Handed Attitude' of U.S. on IPR

OW1605102496 Hong Kong AFP in English  
1011 GMT 16 May 96

[FBIS Transcribed Text] Beijing, May 16 (AFP) — Beijing on Thursday [16 May] hit out at the US threat of trade sanctions if China does not curb copyright piracy, saying US business was suffering because of Washington's own "high-handed" attitude.

"The US government should reverse its wrongful decision on intellectual property rights (IPR) so as to repair the damage that has already been caused to Sino-US relations," said foreign ministry spokesman Cui Tiankai.

Differences cannot be settled "by resorting to such high-handed practices of exerting pressure and imposing retaliatory action," he said.

The White House announced Wednesday a hit-list of three billion dollars of Chinese imports to be whittled down to two billion dollars and implemented if Beijing did not take action against IPR piracy within the next 30 days.

In no mood for compromise, Beijing immediately retaliated with its list of counter measures against US imports and US business interests in China, which would include a ban on new approvals for all commerce, tourism, and trading companies with US ownership.

"It is not what the Chinese side has done which has adversely affected the investment and trade activities of US corporations in China. All these have been affected by precisely what the US side has been doing," Cui warned.

His comments follow a series of drawn-out trade and political disputes with the United States, which saw Beijing favour Europe in a number of major deals.

In April, China signed a 1.5 billion dollar order for 33 passenger jets from Europe's Airbus Industrie, seen as a major blow to Boeing Co. of the United States, the major foreign player in the Chinese aviation market.

"The US side always tends to believe that their ways of thinking and ideas are simply the best in the world," Cui said.

"The US side always wants to have an upper hand and our side does not believe this is in accordance with the trends of the world, so it is time for them to change that," he added.

Cui denied US claims that rampant piracy of US compact discs (CDs) — including video CDs and CD-

ROMS — was continuing in southern China and said the allegations "did not fully square with the facts."

He said that China had kept its side of a 1995 Sino-US IPR deal that averted similar sanction threats last year and had made great efforts and achievements in wiping out piracy.

But he also indicated that a possible solution to the impasse may be reached as China will continue to step up its IPR protection and struggle against piracy.

"We have made tremendous efforts and will continue to do so whether or not there is an agreement with the US side because doing so serves the self interest of the Chinese side," he said.

The US sanctions and China's counter-measures could come into effect as early as June 17 if no solution to the piracy issue is reached.

US computer software and audio visual companies say they lost two billion dollars in lost sales in 1995 through Chinese piracy.

### PRC: Spokesman on IPR Talks of 'Equal Footing' With U.S.

OW1605112296 Beijing XINHUA in English  
1110 GMT 16 May 96

[FBIS Transcribed Text] Beijing, May 16 (XINHUA) — There is no way out of confrontation between China and the United States on the issue of copyright protection, a Chinese Foreign Ministry spokesman said in Beijing today.

The differences between China and the US on the protection of intellectual property rights (IPR) can only be ironed out through consultation on an equal footing, rather than through imposing pressure or retaliation, Spokesman Cui Tiankai said.

"There is no way out for confrontation," Cui said when asked to comment on the failure of the Sino-US IPR talks at a routine press conference this afternoon.

Regardless of the great efforts China had made and significant achievements it has gained in protecting IPR, the US unilaterally announced a list of retaliation measures against China, which China will never accept, he said.

The exchange of the most-favored-nation treatment between China and the US is a mutually-beneficial arrangement which lays foundations for normal bilateral trade ties, he noted, adding that the treatment is in the interests of both countries.

Maintaining and developing normal Sino-US ties and bilateral economic and trade relations complies with

the fundamental interests of the two countries, and their differences on IPR protection can only be solved through consultation on an equal footing, rather than through imposing pressure or retaliation.

The US government should correct its erroneous decision in this regard in order to retrieve the damage it has made on bilateral ties, the spokesman added.

**PRC: Spokesman on CTBT, 'Peaceful' Nuclear Explosions**

OW1605092696 Hong Kong AFP in English  
0857 GMT 16 May 96

[FBIS Transcribed Text] Beijing, May 16 (AFP) — China reiterated Thursday [16 May] its belief that a nuclear Comprehensive Test Ban Treaty (CTBT) should not necessarily prohibit "peaceful" or low-yield explosions.

"The basic standpoint of China's proposal for peaceful nuclear blasts is that the CTBT should not be used to hinder the exploration of peaceful utilization of nuclear energy," foreign ministry spokesman Cui Tiankai said.

"Nor should it be used to close the door on mankind's peaceful utilization of nuclear blasts," Cui said.

The world's four other declared nuclear powers — Britain, France, Russia and the United States — agreed this month in Moscow to sign by September a treaty that would include the disputed "zero option" — a ban on all nuclear explosions, including small ones.

China is now the only nuclear power to oppose the sweeping ban after it was endorsed in Moscow by Russia for the first time.

"Some issues are yet to be settled and the Chinese delegation is actively carrying out negotiations with various parties in Geneva," Cui said.

China, which is also alone in conducting large-scale nuclear tests, has agreed to abide by the CTBT when it is finally implemented.

**PRC: Spokesman on Illegal Immigrants in Australia**

OW1505140296 Beijing China Radio International  
in Mandarin  
to Hong Kong, Macao, the Zhu Jiang Delta, and Southeast Asia 0900 GMT 15 May 96

[From the "News and Report on Current Events" program]

[FBIS Translated Text] At the news conference on 14 May, a reporter asked: How will the Chinese Government approach the event of the illegal immigrants from China recently discovered in Australia? Cui Tiankai, spokesman for the Chinese Foreign Ministry, said: The

relevant department in China is verifying the identity of the illegal immigrants. He said:

[Begin Cui recording] The Chinese Government's position of opposing illegal emigration is unambiguous and constant. We have never proposed, supported, or encouraged illegal emigration, and have made prolonged and unremitting efforts to stop illegal emigration. Our cooperation with Australia in handling illegal immigration is good and has brought results. [end recording]

**PRC: NPC Report on Qiao Shi's 5-Nation Visit**

OW1605060396 Beijing XINHUA Domestic Service  
in Chinese 0930 GMT 11 May 96

[FBIS Translated Text] Beijing, 11 May (XINHUA) — A written report on Chairman Qiao Shi's visit to Ukraine, Russia, Greece, Cuba, and Canada. National People's Congress [NPC] Standing Committee Secretary General Cao Zhi:

**NPC Standing Committee:**

At the invitations Moroz, chairman of the Ukrainian Supreme Council; Stroyev, chairman of the Russian Federation Council, and Seleznev, chairman of the State Duma; Kaklamanis, speaker of the Greek parliament; Alarcon, president of the National Assembly of People's Power of Cuba; and Parent, speaker of the Canadian House of Commons, and Molgat, president of the Senate; Chairman Qiao Shi paid an official goodwill visit to Ukraine, Russia, Cuba, and Canada and called on Greece en route from 28 March to 20 April. This visit was of major significance to maintaining and developing the good trend of reciprocal visits between leaders of our country and their counterparts of the five nations and of bilateral relations, to forging closer ties between the NPC and the parliaments of the five nations, and to furthering friendship and cooperation between our country and the five nations.

**I.**

The five nations attached great importance to this visit and gave us warm and grand receptions. During the visit, Chairman Qiao Shi separately met with Ukrainian President Kuchma and Prime Minister Marchuk; Russian President Yeltsin and Prime Minister Chernomyrdin; Greek President Stephanopoulous; Fidel Castro, first secretary of the Communist Party of Cuba and president of the State Council; and Canadian Governor General LeBlanc and Prime Minister Chretien. He held talks or met with parliamentary leaders and other senior government leaders of the five nation; visited the Russian city of St. Petersburg and Canada's Ontario, Manitoba, Saskatchewan, and provinces in British Columbia and met with local political figures

and entrepreneurs; visited scientific research institutes and enterprises that are typical in the five nations; received the Honorary Doctorate of Law conferred by the Canadian University of Regina and the title of honorary citizen granted by Havana City and Regina City; called on the functionaries of our country's embassies, consulates, and PRC-invested organizations and Chinese student representatives in the five nations; and met with representatives from the overseas Chinese communities. In Ukraine and Russia, Chairman Qiao Shi was also interviewed by key figures of the local press. Through the visit, which was a complete success, the desired goal of "promoting mutual understanding, extending common interests, and furthering friendly cooperation" was achieved.

## II.

The major achievements in Chairman Qiao Shi's visit were as follows:

(1) Making further progress in the development of bilateral relations. During the visit, Chairman Qiao Shi and leaders of the five nations spoke highly of the existing bilateral friendly and cooperative relations. In Ukraine, Chairman Qiao Shi said: China and Ukraine do not have a fundamental conflict of interests, and the development of cooperative relations in every respect since the establishment of diplomatic relations has been very fast. I look forward to making further progress in the development of bilateral relations on the current basis. President Kuchma said: Ukraine has always considered China a friendly state and an important strategic partner, and I wish both countries can further cooperate with each other on major international issues. In Russia, Chairman Qiao Shi said: China and Russia are building up a constructive partnership towards the 21st century and Sino-Russian relations are full of vitality. Chairman Qiao Shi also elaborated the five principles which China had pursued in developing its relations with Russia, that is, China fully respects the Russian people's choice, wholeheartedly wishes for social stability in Russia, sincerely looks forward to an economically developed Russia, and genuinely hopes that the Russian people can live and work in peace and contentment. His remarks were much appreciated by the Russian side. President Yeltsin unequivocally said: Russian-Chinese relations are one of the priorities in our foreign policy. I wish that strategic cooperative relations towards the 21st century can be established and developed between the two countries. In Greece, Chairman Qiao Shi stressed: China and Greece have many things in common and bilateral ties, which have developed smoothly since the establishment of diplomatic relations, can advance further on the current

basis. President Stephanopoulous said: There is huge potential for the development of bilateral ties between Greece and China, especially in the field of trade, which can be developed more quickly. In Cuba, Chairman Qiao Shi expressed the wishes to make concerted efforts with the comrades in Cuba to strengthen friendly and cooperative ties between the two countries. He also reiterated that the Chinese Government and its people would, as always, firmly support the righteous struggle of Cuba in defending its state sovereignty and national independence. President Castro, who had cordial and friendly long talks with Chairman Qiao Shi, was very much proud of the good relations between Cuba and China characterized by mutual trust and support, saying that closer cooperation between the two countries is of vital significance under the current international situation. He also hosted a reception to welcome Chairman Qiao Shi and his entourage under an amiable and warm atmosphere. In Canada, Chairman Qiao Shi stressed: Maintaining friendly ties between China and Canada is not only in the fundamental interests of the two countries, but is also the common aspirations of the two peoples. I look forward to consolidating and developing such ties on the current basis and making further progress in Sino-Canadian relations in the 21st century. Prime Minister Chretien also said: Canadian-Chinese relations have made great strides in recent years and the several talks between leaders from both sides have yielded positive results. Canada will treat China as our friend and we are willing to further exchange and cooperate with China.

(2) Facilitating contacts and cooperation between the NPC and the parliaments of the five nations. During the visit, Chairman Qiao Shi briefed parliamentary leaders of the five nations on our country's people's congress system and the work which the NPC had done toward forming a preliminary framework for the legal system of a socialist market economy. Both sides of the talks stressed that the Chinese NPC's having closer contacts with the parliaments of the five nations is of major significance to improving mutual understanding and consolidating and developing bilateral relations, and they wished that such kind of contacts and cooperative relations would be further expanded and deepened on the current basis. The Supreme Soviet of Ukraine wished for more systematic operation of the parliamentary friendly group between the two countries to study areas of common interest and to learn from China's experience in amending laws so as to apply it to Ukraine. Looking forward to establishing a long-term cooperative relationship with our country, the Russian Federation Council proposed a long-term exchange program for all levels of reciprocal visits and exchanges between the NPC and the Russian parliament.



Ukraine, Russia, and Cuba also expressed interest in our country's economic legislation and supervision work and wanted to understand and draw on our practice and experience. Canada, which was very impressed by the adoption of the Administrative Punishment Law and the Amendment of the Criminal Procedure Law at the Fourth Session of the Eighth NPC, wanted to intensify reciprocal visits between the NPC and the Canadian parliament, to launch a personnel training program, and to have other kinds of cooperation. During the visit to Cuba, the NPC presented a number of office appliances to the National Assembly of People's Power of Cuba, which expressed its gratitude and said that these appliances would give a strong support to its work.

(3) Deepening the five nations' understanding of our country's situation. During the visit, Chairman Qiao Shi seized every opportunity to publicize the Ninth Five-Year Plan and the Outline of the Long-Term Target for the Year 2010 adopted by the Fourth Session of the Eighth NPC, the great achievements in 17 years' of reform and opening up and modernization drive, and the situation of handling the relationships among reform, development, and stability. He stressed that with a large population and a poor foundation, modernization, in its true sense, will take generations to achieve; that China's economic development is the growth of peaceful forces of the world and China will never be a superpower; and that a peaceful international environment is needed for China's development and China is willing to develop friendly and cooperative relations with other countries on the basis of the five principles of peaceful coexistence. In Toronto, Chairman Qiao Shi delivered a long speech at a welcoming banquet hosted by the Canadian-Chinese Trade Council, during which he comprehensively and systematically presented our country's situation and wished that politically, the two governments could respect each other and seek common ground while reserving differences and, economically, they could join hands in seeking development on the basis of mutual benefit and reciprocity and consult and cooperate with each other closely on international issues. He also welcomed more and more Canadian businessmen to invest in China or cooperate with their Chinese counterparts. These remarks made by Chairman Qiao Shi met with general approval among people of all walks of life in the five nations. President Yeltsin said: Russia is very concerned about the progress that China has made in economic construction and reform. As proven by practice, Deng Xiaoping's theory on developing a market economy is feasible. Russia should draw on China's experience to handle well the interests among the state, collectives, and individuals and maintain social stability in the course of economic development. Cuban leaders praised our country for upholding party leadership and

maintaining national unity and stability in the process of reform and opening up, saying that as Cuba and China have the same principle of reform, China's experience is of much help to Cuba.

(4) Filling the development of bilateral economic and trade relations with new vitality. Following the presentations of our country's economic development, reform and opening up, legal system and environment, and blueprint for development in the next 15 years, the five nations said one after another that their ties with our country in terms of economic and trade cooperation must be further developed. Ukrainian Prime Minister Marchuk forwarded a proposal on cooperating with our country in such fields as astronautics, shipbuilding, aircraft manufacturing, and powder metallurgy, and he also wished to promote direct links among large enterprises, found a joint-venture bank, and set up an insurance mechanism for bilateral economic and trade activities. Russian Prime Minister Chernomyrdin called for more vigorous cooperation in energy, communications, and other sectors, including Russia's participation in the construction of China's Three-Gorges Project and the laying of oil and natural gas pipelines across Russia, China, Japan, and the ROK. St. Petersburg City and the four Canadian provinces also forwarded concrete proposals for economic and trade cooperation with our country.

(5) Winning over the five nations to supporting our country's stand on the Taiwan and human rights issues. During the visit, Chairman Qiao Shi expressed our gratitude to countries concerned for supporting us on the Taiwan issue, the human rights issue, the Tibet issue, and the issue on our accession to the World Trade Organization [WTO]. Bearing specific targets in mind, he elaborated our country's basic principle of "one country, two systems, and peaceful reunification" on the Taiwan issue and demonstrated our determination to oppose separatism and "Taiwan independence" and to defend state sovereignty and territorial integrity; and reaffirmed our country's consistent stand on the human rights by saying that we welcome dialogues on an equal footing but oppose any attempts to meddle in our internal affairs on the ground of human rights. All these produced good results. Ukrainian leaders said that Ukraine would steadfastly adhere to the "one China" policy and educate all levels of cadres on standing on guard against Taiwan's "money diplomacy." As far as the human rights issue is concerned, Ukraine will support China in spite of the pressure from all sides. President Yeltsin stressed that Taiwan is an inalienable part of the Chinese territory and only the Chinese people have the right to settle this issue, and that Russia's stand on this will never change. He also reiterated that Russia

would vote in favor of China at the 52d UN Human Rights Conference. President Castro said: Cuba fully understands and supports the principle and steps taken by China on the Taiwan issue. Cuba firmly believes that time is in China's favor to achieve peaceful reunification and that "pro-Taiwan independence" forces have no future. Greek leaders reaffirmed their recognition of "one China" and gave their support to China in its bid to join the WTO as soon as possible.

### III.

Through this visit, we have gathered the following viewpoints:

(1) The policy of reform and opening up has been implemented for 17 years, during which our economy has been developing rapidly, our comprehensive national strength has been on the increase, our international standing has been improving with more and more room for maneuver, and foreign countries have attached greater and greater importance to China's role in the international community and have expressed their wishes to develop friendly and cooperative relations with China. Any attempts to use the human rights issue, the Taiwan issue, and the Tibet issue to contain China are unpopular. Other countries attach importance to developing ties with us in accordance with their own strategic and economic interests, but as far as international issues are concerned, more and more have cooperated with us and tried to win our support. This shows that sticking to reform and opening up and accomplishing the domestic work is the basis for getting a more favorable international environment and upgrading our international standing. Meanwhile, we should make full use of the favorable international and domestic conditions to be more vigorously in touch with the outside world and to serve our overall strategic situation in a better way. Through high-level reciprocal visits between leaders in recent years, our mutual understanding and trust with other countries has been improved and an impetus has been given to the development of friendly and cooperative ties, exerting a positive influence on the international community. This is an important successful experience.

(2) Contacts between the NPC and the parliaments of other countries have played an important and irreplaceable role in improving the mutual understanding between our country and other nations, in expanding our country's influence, and in promoting the development of bilateral relations. In the days to come, apart from reciprocal visits between leaders of the NPC and foreign parliaments, we may also think about more frequent exchanges and cooperation between special committees, work organs, and NPC deputies and their counterparts

of foreign parliaments. We should also be ready to make friends with various political forces and people of all social strata in foreign parliaments. We must work harder to build up long-term and future-oriented friendly and cooperative relations with foreign parliaments.

(3) Economic factor has played a more and more prominent part in developing bilateral relations. Regarding the concrete ideas on economic and trade cooperation forwarded by the five nations during this visit, relevant departments are recommended to seriously study them and bring them into effect in light of practical needs and feasibility. As for the existing problems in our economic and trade relations with the five nations, relevant departments are also recommended to propose solutions so as to further widen the scope of cooperation and enhance the momentum and vitality of cooperation on the basis of reciprocity.

### PRC: Jiang Zemin on International Affairs While in Egypt

OW1505181496 Beijing XINHUA in English  
1800 GMT 15 May 96

[FBIS Transcribed Text] Cairo, May 15 (XINHUA) — Chinese President Jiang Zemin has stressed that the principles enshrined in the three Sino-U.S. joint communiques should be strictly abided by in order to make relations between the two countries grow normally and stably.

Answering a question concerning the development of Sino-U.S. relations in an interview with Egyptian and Chinese journalists here, the visiting Chinese head of state said the issues concerning Sino-U.S. relations, particularly the U.S. attitude toward the Taiwan issue, should be properly handled on the principles of mutual respect for sovereignty and territorial integrity and non-interference in each other's internal affairs.

Jiang noted that to maintain the healthy and stable relations between China and the U.S. not only is in the interests of both countries but also will be conducive to peace and stability in the world.

While progresses have been made in bilateral relations between China and the U.S. in the recent years, he went on, difficulties and problems still exist. He described the Sino-U.S. relations as still being marked with rises and falls and troubles, adding that this runs counter to the interests of both sides.

"We are willing to make joint efforts with the U.S. side to increase trust, reduce troubles, expand cooperation, and avoid confrontation so as to ensure that the bilateral relations will grow stably and healthily," the Chinese head of state said.



On the recent visit to China by Russia President Boris Yeltsin and the agreements signed by China and Russia, Jiang said that China and Russia have anchored the basic principles and direction of development in Sino-Russian relations.

Yeltsin's visit and the China-Russia Joint Declaration proved that the relations between the two neighboring countries have reached a new level, he said.

Jiang stressed that the strategic partnership between China and Russia is a new type of state-to-state relations and is in keeping with the post-Cold War international situation and the development of international relations.

Chinese President Jiang Zemin is now on a five-day state visit to Egypt.

**PRC: Beijing 'Will Not' Reduce Diplomatic Presence in Sudan**

*OW1505140596 Beijing XINHUA in English  
1309 GMT 15 May 96*

[FBIS Transcribed Text] Khartoum, May 15 (XINHUA) — Russia, China, Jordan and Germany have decided not to implement the U.N. Security Council Resolution 1054 which imposed diplomatic sanctions on Sudan, a high-ranking Sudanese official was quoted as saying.

Sudan's non-governmental newspaper AKHBAR AL-YOM today quoted him as saying that the four countries have informed Khartoum that they will not reduce the size of their diplomatic missions in Sudan.

The U.N. Security Council issued Resolution 1054 imposing diplomatic sanctions on Sudan after it failed to come up with three Moslem extremists wanted in connection with an attempt to assassinate Egyptian President Hosni Mubarak on June 26, 1995.

The U.N. resolution, which calls on countries to "significantly reduce the number and the level of the staff at Sudanese diplomatic missions" and restrict diplomats' movement, went into effect last Friday (10 May) as the African nation tried to rally support against them.

The sanctions could be toughened after 60 days.

The paper said that Germany made it clear that it would not reduce its diplomatic mission in Sudan, and that entry visas to Germany would be tackled individually.

Sudan has so far got no reaction from Britain, Egypt and Ethiopia in connection with the U.N. resolution, he said.

According to the paper, Syria's ambassador in Khartoum Muhammad al-Mahamid also said his country will not implement the U.N. Resolution 1054 against Sudan.

**United States & Canada**

**PRC: U.S. Announces Trade Sanctions on Chinese Exports**

*OW1605015596 Beijing XINHUA in English  
0137 GMT 16 May 96*

[FBIS Transcribed Text] Washington, May 15 (XINHUA) — The Clinton administration Wednesday moved further down the road of confrontation with China by announcing large-scale trade sanctions on 3 billion dollars worth of Chinese exports to the United States.

Acting U.S. Trade Representative Charlene Barshefsky called this action "a result of China's failure to satisfactorily implement the 1995 intellectual property rights agreement."

She threatened that if China fails to do more to meet the U.S. requirements for IPR [intellectual property rights] protection, Washington will impose as of June 17 prohibitive tariffs of 100 percent on about 2 billion dollars of Chinese products.

Today's announcement marked a serious move taken unilaterally by the United States after no progress was reported in the latest round of working-level talks in Beijing over the IPR disputes.

During the talks, the Chinese side, out of utmost sincerity, once again made it clear that it had already comprehensively fulfilled its obligations stipulated in the Sino-U.S. agreement on IPR and that it had already taken a series of measures and made great successes in IPR protection.

It also briefed the U.S. Side on additional measures it is planning to take.

But the United States, in disregard of the widely-recognized progress made by China in the protection of intellectual property, blacklisted China as the "priority foreign country" in its special 301 review for this year and decided to impose sanctions on China at any time.

The 3-billion-dollar preliminary retaliation list released today by the Office of the U.S. Trade Representative (USTR) today is composed of about 2 billion dollars in textile and apparel imports from China, 500 million dollars of electronics products and 500 million dollars of other consumer goods.

The list will be trimmed to about 2 billion dollars at the end of a 30-day waiting period for "public comments" from American importers and "public hearings" to be held by the USTR.

Analysts here believe that today's move taken by the Clinton administration, to a large extent out of the needs



in domestic politics in an election year, is certain to exacerbate the tense relationship between Washington and Beijing.

American companies that have business relations with China fear that the U.S. trade retaliation will inevitably meet with counter-retaliation from China, thus making their interests and those of American consumers a prey of a possible trade war between two big powers.

**PRC: U.S. Trade Sanctions Termed 'Serious Step'**

*OW1605015496 Beijing XINHUA Domestic Service in Chinese 1747 GMT 15 May 96*

[FBIS Translated Text] Washington, 15 May (XINHUA) — On 15 May, the U.S. Government announced an initial list of Chinese exports, with a total value of \$3 billion, on which it will impose trade sanctions, citing as a reason an allegation that "China has not satisfactorily implemented the 1995 agreement on intellectual property rights [IPR] protection," and declared that if no measures are taken by China, the United States will impose punitive tariffs on Chinese exports to the United States worth \$2 billion dollars, beginning 17 June.

This is a serious step unilaterally taken by the U.S. Government after the latest round of Sino-U.S. nonofficial consultations on IPR yielded no progress. During the consultations, the Chinese side, with utmost sincerity, once again explained that it had completely carried out its obligations under the Sino-U.S. agreement on IPR protection and expounded the series of effective measures it had adopted and the tremendous progress it had made in IPR protection, as well as the measures it will take. However, the U.S. side, ignoring facts that are obvious to all, still listed China as a "major country" infringing upon the United States' IPR in 1996.

The sanction list announced by the U.S. on 15 May includes \$2 billion worth of textiles, \$500 million worth of electronic products, and \$500 million worth of other products. The U.S. side declared that starting from the day the list was announced, a 30-day period will be devoted to "public comments," during which "open hearings" will also be held. On the basis of comments and hearings, the total sanction value will be reduced to about \$2 billion.

Public opinion here maintains that the move taken by the U.S. Government was necessitated by domestic politics in the great election year and that the move will certainly aggravate tensions between the two countries. U.S. enterprises that have trade relations with China worry that the United States' trade retaliation will be met by counter-retaliation from the Chinese side, thereby damaging their interests as well as those of the masses of U.S. consumers.

**PRC: Spokesman Cites 'Strong Indignation' on U.S. Sanctions**

*OW1505191796 Beijing XINHUA Domestic Service in Chinese 1615 GMT 15 May 96*

[FBIS Translated Text] Beijing, 15 May (XINHUA) — A State Copyright Administration spokesman today issued a statement on the United States' imposition of so-called "sanctions" on our country regarding the issue of intellectual property rights [IPR] protection.

The spokesman said: On 30 April, the U.S. Government made uncalled-for accusations [wu duan zhi ze 2477 4551 2172 6307] that our government had not fulfilled the agreement on IPR protection signed by China and the United States in February 1995. It also included China on its Special 301 list of "countries for prior consideration" and threatened China with trade sanctions. Today, it also announced a list of Chinese exports worth \$3 billion annually to the United States, on which it will impose trade sanctions. We express strong indignation [shen biao fen kai 3234 5903 2001 1980] over the actions taken by the U.S. Government.

He pointed out: Since China and the United States signed the IPR agreement in February 1995, relevant Chinese government departments have honored their commitments in a resolute, serious, and responsible manner [jian jue ren zhen fu ze ren di 1017 0414 6126 4176 6298 6307 0117 0966], and have done a great deal of work in protecting copyrights, in enacting relevant laws and regulations, and in combating various illegal acts of piracy. In the past year, in accordance with the Sino-U.S. agreement, we finished investigating and overhauling compact disk [CD] and video CD [VCD] production lines across the country, and re-registered all factories engaged in the production of such products. On the basis of investigating and establishing the facts, we revoked, in accordance with the law, the "licenses for producing audio-visual [AV] products" of six factories that committed acts of copyright infringement and piracy. We established the source identification [SID] system for CD's and CD-ROM's, urging AV reproduction units to use source SID codes when producing CD's and VCD's. Violators were investigated and dealt with in accordance with the law. We urged all individuals and units that engaged in the reproduction and manufacture of AV products or CD-ROM's originating outside China, including those for export, to register authorization contracts and carry out copyright authentication procedures at copyright organs. To this end, we established a foreign-related copyright authentication system. The State Copyright Administration has designated the International Association of Phonograph Industries, the U.S. Motion Picture Association,

the Hong Kong Association of Movie Industries, and other overseas institutions as organs for authenticating copyright authorization. Any individuals or units that do not register their contracts or carry out copyright authentication procedures and infringe on copyrights will receive administrative and legal punishments. We also tightened the protection of computer software and urged all computer software users to buy and use only legal software. We also intensified our law enforcement efforts in combating copyright infringement and piracy; received complaints from copyright holders; and meted out administrative punishment to infringers and pirates by ordering a halt to infringement, confiscating pirated products, and imposing fines. In addition, we also sent inspectors to CD factories to ensure legal operations at AV manufacturing units, thus effectively preventing acts of infringement and piracy. Facts prove that in implementing the Sino-U.S. IPR agreement, China has adopted a serious attitude, taken active actions, adopted effective measures, and achieved remarkable results.

The spokesman pointed out: In view of the foregoing, we believe that the U.S. Government's accusation about the Chinese Government's failure to implement the Sino-U.S. agreement on IPR protection is groundless. It is reckless and unwise [qing shuai he bu li zhi di 6535 3764 0735 0008 3810 2535 4104] of the U.S. Government to flagrantly impose trade sanctions without regard to our great efforts and remarkable achievements in IPR protection. This is absolutely unacceptable to the Chinese Government. We still hope that China and the United States will solve the issue of IPR protection through dialogue and negotiation. On the issue of IPR protection, our position is that, regardless of what actions the United States takes, we will, as always, continue to honor international treaties and relevant bilateral agreements; strictly and seriously implement our country's policy on IPR protection; fight against all acts of infringement and piracy; perfect our laws and regulations on copyrights; and establish and strengthen organizations for the protection of copyright holders' rights and interests. Our most fundamental goal is to promote the growth and development of our country's literary, artistic, and scientific undertakings.

**PRC: Copyright Bureau Reacts to U.S. Trade Sanctions**

OW1505171496 Beijing XINHUA in English  
1703 GMT 15 May 96

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — A spokesman of China's State Copyright Bureau today expressed deep indignation over the US's announcement that it would impose trade sanctions on Chinese exports to the US.

On May 15, the US unilaterally announced the imposition of trade sanctions on a total of three billion US dollars worth of Chinese exports to the US. The tariff rates for these products will be raised to 100 percent and the sanctions will take effect 30 days later.

On April 30, the US government unreasonably accused the Chinese government of not sticking to the intellectual property rights agreement signed by the two countries in 1995, and threatened China with trade sanctions.

"We therefore express our strong indignation over the actions taken by the US government," the spokesman said.

He noted that since the two countries signed the Agreement on the Protection of Intellectual Property Rights in February 1995, Chinese departments have stuck to the commitments in a resolute and responsible way, and have done a lot of work in protecting such rights, setting up related systems and combatting piracy.

In the past year, the spokesman said, China has re-registered all factories engaged in the manufacture of CDs or VCDs and revoked licenses of those found guilty of piracy.

All audio-visual companies are required to have contracts with and copyright authorization from overseas institutions before they begin copying in China, the spokesman said, and they will face administrative or legal punishment if they violate the rules.

He stated that China has also tightened protection on computer software and requires users to buy or use only legal software in its effort to fight piracy.

The Chinese side has sent inspectors to software factories to prevent pirating, he said.

The fact is that the Chinese side is serious and has been effective in implementing the Sino-US intellectual property rights agreement, the spokesman said.

"We believe that the US government's accusation about the Chinese government not implementing the agreement is groundless, and that it is reckless and unwise for the US government to flagrantly employ trade sanctions against China, disregarding China's great efforts and remarkable progress in intellectual property rights protection," he said.

"This is something that the Chinese government can in no way accept," the spokesman emphasized.

He added, "we still hope the two sides can solve the issue of intellectual property rights protection through dialogue and negotiations."



"Our position on this matter is that whatever actions the US side takes, China will always stick to the international treaties and relevant bilateral agreements, and will strictly and sincerely implement our intellectual property rights protection policy," the spokesman said.

China will continue its fight against piracy and perfect its laws and regulations on copyright and to promote the development and growth of its literature, arts, and science, the spokesman added.

The Chinese Ministry of Foreign Trade and Economic Cooperation issued a statement today, expressing strong indignation and utter dissatisfaction with the US decision, saying that, in order to safeguard state sovereignty and national unity, and to keep in line with the country's foreign trade law, China has no other alternatives but to take counter-retaliatory actions in the face of the US trade sanctions.

**PRC: MOFTEC Issues Statement Opposing U.S. Sanctions**

OW1505173196 Beijing XINHUA Domestic Service  
in Chinese 1627 GMT 15 May 96

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — The Ministry of Foreign Trade and Economic Cooperation issued a statement here tonight concerning the US announcement of sanctions against China. The full text of the statement is as follows.

On May 15, the United States Trade Representative Office unilaterally announced the imposition of trade sanctions on Chinese exports to the United States, such as textiles, garments and electronic products, with a total value of three billion U.S. dollars. The tariff rates for these products will be raised to 100 percent and the sanctions will be effective 30 days later.

By making such a decision, the United States government has shown total disregard of the overall interests of Sino-US relations and the fundamental interests of the peoples in both countries, as well as the series of effective efforts that China has made for the protection of intellectual property rights (IPR) and the enormous progress China has made in this area. Such a decision has seriously damaged [yan zhong di sun hai le 0917 6850 0966 2275 1364 0055] Sino-US relations and undermined the cooperation between the two countries in the area of IPR protection. We hereby wish to express our strong indignation and utmost dissatisfaction [ji da fen kai he qiang lie bu man 2817 1129 2001 1980 0735 1730 3525 0008 3341] over the decision.

The Chinese government has always attached great importance to IPR protection, which is fully in line with China's basic state policy of "invigorating the nation

by developing science and education". Protection of intellectual property rights is not only for the benefit of China's scientific and technological progress and economic development, but is also out of the need of China's economic and technical cooperation with the rest of the world. China made an enormous amount of highly effective efforts in the past decade and more. As a result, China has established a fairly complete legal system for IPR protection and has completed legislations which took some developed countries tens or even hundreds of years to accomplish. China has made unremitting efforts to deter and fight IPR infringing activities, and the achievements made in this area have been acknowledged by the whole world.

Since China and the United States signed the Agreement on the Protection of Intellectual Property Rights last year, the Chinese government has enacted a series of rules and regulations, including the Regulations of the Customs of the People's Republic of China on Border Enforcement of IPR Protection, and has established special IPR enforcement task forces to resolutely crack down on infringing and piracy activities on a nationwide basis, especially sources of the infringing and pirated products. Efforts have been made to sort out the order of the markets for audio-visual products and computer software, and factories engaged in the production of infringing and pirated products have been closed down. All these efforts have demonstrated the determination of the Chinese government on IPR protection, representing the concrete, serious actions the Chinese side has taken for the implementation of the Sino-US Agreement. The United States, quite on the contrary, appears to lack sincerity in implementing the Agreement. Not only did it fail to honor its obligations as committed to the Chinese side, but also made unwarranted accusations against China's IPR protection efforts in disregard of the facts. Furthermore, the United States has unilaterally set numerical targets and time frames to request China to close down all CD reproduction factories, and it has gone so far as to request China to allow the establishment of Sino-US joint venture enterprises making audio-visual programs, in an attempt to break into the Chinese cultural market and penetrate into China's ideological sphere. These demands go far beyond the scope of IPR protection, let alone the framework of the Agreement. China will never accept such a high-handed, selfish act, gaining advantage at the expense of the others.

For safeguarding the state sovereignty and state interests, and in line with provisions of the Foreign Trade Law of the People's Republic of China, we have no other alternatives but to take counter-retaliatory actions in the face of American trade retaliatory measures. The



US side shall be held responsible for all the consequences arising therefrom.

Maintaining and developing the normal relationship as well as the economic and trade cooperation between China and the United States is in the fundamental interests of the two countries. The differences between the two sides in the area of intellectual property rights can only be resolved through consultation on an equal footing rather than through the display of power politics as exertion of pressure and threat of retaliation. Confrontation will lead us nowhere. We would like to strongly request that the government of the United States correct its erroneous decision on the issue of intellectual property rights and remedy the damage inflicted on the relationship between China and the United States.

**PRC: Beijing Announces Retaliation Against U.S. Sanctions**

*HK1605071096 Hong Kong TA KUNG PAO  
in Chinese 16 May 96 p A5*

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "China Calmly Announces Counter-Sanctions"]

[PTS Translated Text for FBIS] The U.S. trade representative had two days of talks in Beijing and left Beijing yesterday for home. At 2300 Hong Kong time yesterday, U.S. Commerce Secretary Charlene Barshefsky [as published] announced in Washington the 100 percent punitive tariffs to be imposed on the import of Chinese commodities worth \$3 billion. Following that, China's Ministry of Foreign Trade and Economic Cooperation [MOFTEC] also announced a list of counter-sanctions imposed on five major U.S. commodities. A trade war will break out unless the two sides seek a compromise within 30 days. Sino-U.S. trade has once again gotten bogged down in the threat of mutual sanctions.

**Necessity for Basic National Policies**

China is not willing to witness such a situation, still less see it happen time and again. In spite of China's advice urging the U.S. side to "think thrice before acting," the United States obstinately clung to its course. As a result, China had no option but to keep company. China had stated long ago that it would not only fight tit-for-tat, but the value of its counter-sanctions would be greater. China did not explain the value of its counter-sanctions in the announcement yesterday. Besides imposing a 100 percent punitive tariffs on relevant commodities, China will also adopt three measures, that include not importing U.S. films.

China's MOFTEC issued a statement and the spokesman for the State Copyright Bureau delivered a speech, expressing "great indignation and strong

discontent" against the rash and irrational practice of the United States.

China also stated one point: Over the past decade or so, China has fruitfully completed its legislation work on protecting intellectual property rights [IPR], that took the developed nations more than a century to do. It is not an expedient measure, but China's basic national policy, which is required to build the country with science and technology. The ultimate goal is to promote China's scientific, cultural, and art development. No matter what the United States does, China will continue to move in the direction of protecting IPR.

**Do Not Try To Benefit Oneself at the Expense of Others**

On the question of China's efforts made to strengthen IPR protection, China cannot accept the U.S. move imposed on others, which is aimed at benefiting oneself at the expense of others.

The purpose of the United States is to benefit at the expense of others, which will actually bring about the opposite results. A foreign agency yesterday quoted a U.S. investor in China, saying that U.S. businessmen are sick of the U.S. resorting to threats at every turn, because the move will not only prove ineffective but will also benefit the European and Japanese firms.

U.S. rulers are not fools and they are quite aware of the consequences. Analysts say that they have done so because of the pressure from the U.S. general elections and that they had to take a tough stance toward China. In other words, the Americans regard the interests of the Chinese as their stake and victim in domestic party struggles. People often say that China should understand the political operations of the United States and not try to meet force with force. In state-to-state relations, political systems and beliefs of the two sides may differ and it is necessary to show mutual understanding. However, neither side should take this as an excuse to benefit at the expense of others.

**Move Does Not Conform to Asia-Pacific Interests**

There are newspapers in the United States which want to add fuel to the flames of U.S. sanctions against China, but there are some others which have maintained a sober mind. USA TODAY advised the White House the other day that sanctions imposed on China will only bring the following consequences: Prices of consumer goods will soar, which will affect every family; a lot of job opportunities involving the U.S. export industry will be menaced; and the sanctions will only benefit Europe and Japan, which are looking forward to replacing the United States in China.

Most of the Asia-Pacific nations are also not willing to see this U.S. policy toward China. Former Singaporean ambassador to the United States contributed an article, saying that most of the Southeast Asian nations are dissatisfied with the United States for not having a clear and steady policy toward China and for changing its China policy every day based on media reaction and matters related to the interest groups. Such a policy toward China does not conform to the interests of China and the United States and is also disadvantageous to the interests of the Asia-Pacific region.

**PRC: MOFTEC Details List of Countermeasures Against U.S.**

OW1505154796 Beijing XINHUA in English  
1541 GMT 15 May 96

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — Following is the full text of the announcement of trade counter-retaliations list China's Ministry of Foreign Trade and Economic Cooperation [MOFTEC] issued tonight against the US sanctions.

Announcement of the Ministry of Foreign Trade and Economic Cooperation

(List of Trade Counter-Retalations of the People's Republic of China Against the United States of America)

In view of the fact, disregarding the tremendous efforts made by China in the field of intellectual property rights protection and the whole array of effective measures that China has adopted to protect intellectual property rights, the United States Trade Representative Office has unilaterally announced the imposition of trade retaliations on China's export products to the United States such as textiles, garments and electronic products valued at three billion US dollars, effective 30 days later. Article 7 of the Foreign Trade Law of the People's Republic of China stipulates that should any country or region apply discriminatory prohibitions, restrictions or other similar measures in the field of trade against the People's Republic of China, the People's Republic of China may, dependent upon the actual circumstances, adopt corresponding measures against that country or region. In compliance with this provision, with a view to safeguarding state sovereignty and national dignity, China shall have no other options but take corresponding counter-retaliation measures. To this end, the Ministry of Foreign Trade and Economic Cooperation hereby issues the following announcement:

I. With the approval of the Customs Tariff Commission under the State Council, in addition to normally-collected import tariffs, an extra 100 percent special tariffs shall be levied on the following import commodities originating from the United States:

1. Agricultural and animal husbandry products, such as cotton, frozen beef and mutton, chicken, aquatic products, fruits, Western ginseng and foodstuffs;
2. Vegetable oils and fat, such as bean oil, peanut oil and rape-seed oil;
3. Vehicles and their spare parts, such as large and small passenger buses, sedan cars, station wagons, cross-country vehicles and their spare parts;
4. Telecommunications equipment, such as wire or wireless telephone sets, pagers and their spare parts; program-controlled telephone equipment; and
5. All kinds of cameras, game players, game cards, audio cassette recorders, tobacco and cigarettes, alcoholic drinks, cosmetics and camera films.

**II. Other restrictive measures:**

1. Suspension of the import of such audio-visual products originating from the United States as movies, television programs, video cassette tapes, audio cassette tapes, compact disks and laser disks;
2. Suspension of the handling, examination and approval of applications, filed in accordance with China's Regulations on Administrative Protection for Agricultural Chemical Products and Pharmaceuticals, by US chemicals and pharmaceuticals manufacturers; and
3. Suspension of the handling, examination and approval of applications filed by US-invested enterprises in China for the establishment of enterprises engaged in commerce, tourism, domestic and foreign trade; and suspension of the handling, examination and approval of applications filed by US commerce, tourism, domestic and foreign trade enterprises for the setting up of branches and representative offices in China.

The list will go into effect on the day the US sanctions against China become effective.

**PRC: Article Views Sustained U.S. Economic Recovery**

HK1605050496 Beijing RENMIN RIBAO in Chinese  
7 May 96 p 7

["Special commentary" by staff reporter Zhang Liang (1728 0081): "U.S. Economic Readjustments Yield Practical Results"]

[PTS Translated Text for FBIS] The present U.S. economic recovery has been going on for five years, longer than the average time in the previous eight post-war economic recoveries, and it is expected to maintain its appropriate growth momentum this year. The U.S. economic readjustments have obviously yielded practical results.



There are many reasons for the enhancement of the U.S. economic strength as a whole. Fundamentally, it is the result of U.S. economic readjustments, which consist of two aspects: One, the federal government has adjusted its macroeconomic policy; two, the enterprises have intensified internal structural adjustments.

#### **The Government Has Adjusted Its Macroeconomic Policy**

In the 1980's and early 1990's, the so-called "Reaganomics," which was based on the supply-side theory, was all the rage in the United States; its key aspect was large-scale tax reduction. According to this theory, tax reduction can stimulate enterprise investment and individual consumption and then boost economic growth. So long as the economy develops, federal financial deficits will naturally decrease and even be wiped out. But the reality was that, although the economic recovery at that period created the record of being the longest in the post-war years, it also buried a "time bomb"—huge national debts—in the U.S. economy. Owing to the tax reduction and large-scale arms expansion, the financial deficits ballooned year after year, with the result that the national debts soared from less than \$1 trillion to over \$3 trillion in the 12-year presidencies of Reagan and Bush.

Soon after assuming power in 1993, President Clinton put forward a "plan for revitalizing the U.S. economy" with financial deficit reduction as its main content. He also listed economic security as the most important of the three pillars of the U.S. foreign policy. In the field of public investment, the government substantially increased expenditure for scientific research and human resources developments. As Clinton saw it, a reduction in financial deficits could spur a drop in long-term interest rate, stimulate enterprise investment, and boost economic growth. Over the past three years, the federal financial deficits have dropped year after year from \$290 billion in 1992 to over \$160 billion in 1995. This is equivalent to 2.3 percent of the gross domestic product, representing the lowest proportion among major developed countries in the West. Although the government and the public still differ widely over how to reduce financial deficits, they have reached a consensus on the goal of achieving a budget balance. Therefore, no matter who will be the next president, the federal financial deficits will tend to drop.

A reduction in financial deficits has strengthened the ability of the Federal Reserve Board (the Central Bank) to regulate and control the economy using the money supply as leverage. Its defined goal is to achieve appropriate economic growth with low inflation. According to the Federal Reserve Board, the best growth

rate for the U.S. economy is around 2.5 percent. If it is maintained at this ideal level, the economy can grow in a sustained and steady way and the inflation can be prevented from rising again.

#### **Enterprises Readjust Internal Structure**

As the world economic integration and grouping gather pace, international competition becomes more acute and the market law that only the best survive becomes all the more irresistible. The challenge and opportunity of the new situation, as well as the sense of crises on the part of industrialists, have impelled U.S. enterprises to carry out internal structural adjustments while the government adjustment of its macroeconomic policy and the Federal Reserve Board's prudent policy of combining tight and relaxed money supply have provided them with a favorable external environment.

In carrying out internal structural adjustments, the enterprises first change their operational strategy. Generally speaking, it is a shift from quantity to efficiency with an eye to improving the market competitiveness of their products or services. Second, they increase investments with the focus on new technology and advanced equipment. In recent years, the enterprises have invested an average of over \$600 billion annually, the highest in the post-war years. Take computers as an example. In the manufacturing industry, for every 100 people there are 63 computers in the United States, 17 computers in Japan, and even fewer computers in other countries. Moreover, the companies "streamline administration" in a big way in order to drastically reduce labor costs. As a result, the actual income of workers have stagnated and for some of them it has even dropped. At the same time, the enterprises also attach importance to technological research and development as well as staff training. Thanks to the aforesaid structural adjustments within enterprises, labor productivity has markedly improved. Its average growth rate since the beginning of the 1990's has risen from 0.8 percent in the 1980's to 2 percent, far outstripping the level of other major developed countries.

The rise in productivity is sure to increase the overall competitiveness of the U.S. economy. The most conspicuous reflection is the rapid increase in exports, rising from \$416.9 billion in 1991 to \$581 billion in 1995. The proportion of import and export trade in the gross domestic product rose from 12 percent in 1985 to 23 percent last year. Naturally, the rapid increase in U.S. exports has something to do with the government foreign trade policy. The Clinton administration vigorously pursues economic diplomacy, intensifies its export offensives, and wields the big stick of sanctions at every turn. The U.S.-Japan automobile trade war is a typical



example. Since both parties reached an agreement last year, U.S. car exports to Japan have increased substantially and its overall trade deficit with Japan also has tended to drop.

#### **A lot of Deep-Rooted Hidden Trouble**

The structural adjustments carried out by the enterprises and the government have strengthened the U.S. overall economic strength. The manufacturing industry is improving again, and the service industry, which accounts for 72 percent of the gross domestic product, is developing steadily, turning it into a trump card for U.S. exports. As noted U.S. economist (Allen Sinai) [ai lun. sai nai 5337 0243. 1049 1143] put it, "the service industry has never played such an important role in the U.S. economy as it has today and this means that the manufacturing industry may have a recession but the economy will still develop steadily."

However, there is still a lot of deep-rooted hidden trouble in the U.S. economy. The one that poses the greatest threat is the black hole of debts incurred by the government, enterprises, and individuals. The national debts have topped \$4 trillion, of which, the interest alone that the government has to pay is over \$200 billion annually and, with a foreign debt of more than \$700 billion, the United States has become the largest debtor nation in the world; the net debts of companies are close to \$4 trillion; and the consumption debts of individuals, not including individual housing mortgage loans, also exceed \$1 trillion. The aforesaid debts come to nearly \$10 trillion, averaging nearly \$40,000 of debts for every American. Some experts call in alarm: "This may turn into a time bomb for the U.S. economy and its banks." Second, with the Wall Street stock market rising higher and higher, it may crash if the stocks are overvalued. Once such a situation happens, the overall economy will be thrown into chaos and a malignant cycle will take shape. It can thus be seen that the U.S. economic strength as a whole is relatively strong but it is also very fragile.

#### **PRC: High-Ranking Official Interviewed on 'Foreign Garbage' Case**

OW1505100296 Beijing XINHUA in English  
1704 GMT 15 May 96

[FBIS Transcribed Text] Qingdao, May 15 (XINHUA) — The recent discovery of American-garbage in a suburb of Beijing has aroused a great deal of concern and anger among the Chinese people, with many asking the same question: "How did 'foreign garbage' sneak into our country?"

In an interview today, a high-ranking Chinese official heading an investigatory group that came from Beijing

to this coastal city in east China's Shandong Province yesterday for an in-depth probe, answered the question.

According to him, the major reason is that some developed countries, including the U.S., keep trying to transfer their harmful waste to developing countries, such as China, in order to avoid their own troubles.

He cited an article in an American newspaper, which he said described China as a "favorable place for dumping waste" and showed that some people in the U.S. pay importers from other countries to get them to accept waste.

In the third quarter of 1995 alone, he said, customs discovered 22 cases of illegal imports, involving as much as 3,000 tons of foreign garbage.

He went on to blame a small number of Chinese businessmen unscrupulous enough to stop at nothing to make money for collaborating with some immoral foreigners in importing foreign garbage.

"Driven by profit motive, these people have completely lost their dignity and integrity, searching for any way to get foreign garbage into the country," he said, adding that foreign garbage is often disguised as "industrial raw materials" or "recycling plastics" in order to clear customs.

"Once discovered, they use the excuse of mistaken delivery to cover themselves," he added.

He also conceded that the incompleteness of laws and regulations and weaknesses in port management have made it easier for foreign garbage to be brought into China.

"According to the old regulations, customs and environmental departments can only reject the foreign garbage if discovered, and have no right to punish the importers, let alone the foreign exporters," he explained.

"And the weakness in our port management becomes clearer when we consider the large amount of American garbage that passed Qingdao customs to arrive in the capital," he went on to say.

He said China has always paid close attention to the problem of "foreign garbage".

In March 1991, he said, the State Bureau of Environmental Protection and the General Administration of Customs issued a circular for tightening controls on the import of all sorts of foreign waste.

On October 10, 1995, he said, the Standing Committee of the National People's Congress, China's legislature, passed a law on the control of solid wastes.

It clearly stated that any imports of solid waste from foreign countries will be rejected, and the importer can be fined at least 100,000 yuan, as well as be charged with smuggling, he pointed out.

The State Council, the State Bureau of Environmental Protection, the Ministry of Foreign Trade and Economic Cooperation, and the General Administration of Customs also issued circulars making stipulations stricter on foreign wastes imports, earlier this year.

State environmental protection, customs, and commodity inspection departments are now working on new laws and regulations to punish those responsible for garbage imports, no matter whether they are Chinese citizens or foreigners, he said.

"I firmly believe that with a more complete legal system, heightened environmental protection awareness by the general public, and strong port management, 'foreign garbage' will have no way of sneaking into China," he concluded.

### Near East & South Asia

#### PRC: Column Urges Cease-Fire in Middle East

OW1505122396 Beijing RENMIN RIBAO in Chinese  
20 Apr 96 p 6

[Article from "International Forum" column by Pan Guanqing (3382 0385 3237): "Stop Conflicts and Safeguard Peace"]

[PTS Translated Text for FBIS] Since 11 April, Israel has enforced a sea blockade and launched long-range bombardments and air raids on southern Lebanon and its rear areas on the grounds of striking back at the Lebanese Hizbollah for rocket attacks. The constant escalation of military action has caused several hundred Lebanese civilian casualties and left tens of thousands of refugees homeless. The situation in Lebanon has seriously worsened, casting a dark shadow over the already difficult Middle East peace process. What is more serious is that on 18 April Israel shelled a battalion of the UN Interim Force in Lebanon, killing more than 100 Lebanese refugees and wounding Fijian peacekeepers. So far, Israel has no intention to halt fighting, while the Hizbollah has also vowed to take retaliatory actions on a larger scale. The development of this serious situation has caused grave concern in the international community and all interested parties. A few days ago, UN Secretary General Butrus-Ghali strongly condemned Israel for bombarding the Fijian headquarters of the Interim Force in Qana of southern Lebanon. Arab states convened an urgent meeting in Cairo at which the Arab League denounced Israel's violations of Lebanese sovereignty and territory and

called for ceasing attacks immediately. Meanwhile, Lebanese prime minister and foreign minister launched frequent diplomatic activities, appealing for the joint efforts from the international community to halt the spread of fighting. The French Government specially sent foreign minister to the Middle East for mediation. There was a complicated background against which the situation in southern Lebanon deteriorated drastically. The crux of the southern Lebanon issue is Israel's military occupation. Since significant progress was achieved in the Middle East peace process, Israel-Lebanese relations have remained deadlocked. Israel and the Hizbollah are old enemies, and their vicious circle of retaliation has never ended. Following the assassination of Prime Minister Rabin and the recent series of terrorist attacks in Israel, dramatic changes took place twice in the balance of power between the Labor Party and the Likud Party, with the rightist forces gaining ground again. To have an edge in the May election, the Labor Party led by Prime Minister Peres changed its mild stand and adopted a tough attitude. Meanwhile, the Israeli Government decided to declare war on Hamas, suspended its withdrawal of troops from Hebron, the West Bank of Jordan, and recalled its representatives holding talks in the United States with Syria. Clearly, the military action on the part of Israel has to do with the change in its domestic situation.

Israel's large-scale military action against Lebanon runs counter to the aim of the Middle East peace process. Far from helping settle Lebanon-Israeli dispute, resorting to force will fuel their hostilities and let extremist forces reap third-party profits. The Israeli Government should regard the peace talks as of prime importance, immediately cease military action, and resolve the southern Lebanon issue through political channels and negotiations so as to avoid further worsening the situation in Lebanon.

#### PRC: Egypt Looks Forward to More Chinese Investments

OW1505003696 Beijing XINHUA in English  
1918 GMT 14 May 96

[FBIS Transcribed Text] Cairo, May 14 (XINHUA) — Egypt is looking forward to attracting more Chinese investments and benefiting from Chinese experience in the domain of investment, Chairman of the Egyptian Investment Authority Ibrahim Fawzi said today.

Fawzi said the volume of Chinese ventures in Egypt is approximately 45 million Egyptian pounds (about 13 million U.S. Dollars) with a total investment cost of 99 million Egyptian pounds (29 million dollars).



The number of these ventures is no more than nine projects in the fields of industry, agriculture, tourism, communications, petroleum, construction, and infrastructure services, he said.

Fawzi said the size of investment projects between Egypt and China was not on a par with the ambitions cherished by the leaders of the two countries.

The strong political relations between the two countries would pave the ground for further cooperation in the economic and investment fields, he added.

**PRC: Jiang Zemin Discusses Sino-Egyptian Cooperation**

OW1505184196 Beijing XINHUA in English  
1831 GMT 15 May 96

[FBIS Transcribed Text] Cairo, May 15 (XINHUA) — Visiting Chinese President Jiang Zemin said here today that boosting Sino-Egyptian ties will benefit the peoples of the two countries and set an example for promoting equal cooperation among the developing countries.

In an interview with Egyptian and Chinese journalists, Jiang, who is on a five-day state visit to Egypt, described Egypt as a major country in Africa and the Middle East which plays an important role and enjoys great influence in international and regional affairs.

The Chinese president said that during his current visit to Egypt he has exchanged views with his Egyptian counterpart Hosni Mubarak on bilateral ties, the international situation, the Middle East peace process and the developing countries' role in safeguarding world peace.

"We appreciate Egypt's independent foreign policy of self-determination and non-alignment," he told the reporters.

Jiang arrived here Monday for the state visit, the first by a Chinese president to Egypt since 1989.

Jiang added that Egypt has made important contributions to pushing forward the Middle East peace process, eliminating nuclear threats and maintaining regional and world stability.

Jiang said China has taken positive measures to promote economic cooperation with Egypt. The trade volume between the two countries surpassed 450 million U.S. dollars in 1995, a 53.5 percent increase over 1994.

He noted that China has built a bonded warehouse in Port Said, some 210 kilometers northeast of Cairo, to streamline the sale of commodities in Egypt and the neighboring countries.

"We will encourage the commercial and trade departments of the two countries to expand their supply of

goods and to increase Egypt's export to China," he added.

On Tuesday, China and Egypt signed three agreements on promoting cooperation.

"I believe, the joint efforts of China and Egypt will help push their friendship and cooperation up to a new level," Jiang told the reporters.

Earlier today, Jiang visited The 10th of Ramadan Industrial City. This new industrial satellite city, some 50 kilometers east of Cairo, was built in 1975, aiming to attract Arab and foreign investments and create more job opportunities.

Egypt is the third leg of Jiang's six-nation African tour which has already taken him to Kenya and Ethiopia. He will also visit Mali, Namibia and Zimbabwe.

**PRC: Jiang Affirms Support for Mideast Peace Process**

OW1505225096 Beijing XINHUA in English  
1944 GMT 15 May 96

[FBIS Transcribed Text] Cairo, May 15 (XINHUA) — Visiting Chinese President Jiang Zemin said here today that China, as a permanent member of the U.N. Security Council, will continue to support and push forward the Middle East peace process.

In an interview with Egyptian and Chinese journalists, Jiang said the realization of peace and development is the common will of the people in the Middle East region.

China will urge and push the parties concerned to work actively to overcome obstacles in a realistic manner to achieve a comprehensive and just peace in the region in the shortest possible time, he added.

Jiang arrived here Monday for a five-day state visit to Egypt, the first by a Chinese president since 1989.

Jiang said the Arab countries, with rich resources, are playing more and more important roles in international affairs.

China is willing to make unremitting efforts with the Arab states for peace and stability in the Middle East and the world as a whole, and for safeguarding the interests of the developing countries.

"The latest developments of the Middle East peace process have created necessary conditions for economic reconstruction and cooperation in the region," Jiang said, adding, "The achievements of the economic cooperation will also help consolidate peace."



China supports all efforts for promoting regional economic cooperation in the Middle East and has sent high-level government delegations to attend the past two Middle East and North Africa economic summits, he added.

Jiang said China enjoys traditional, friendly ties with the Middle East countries and is willing to develop bilateral and multi-lateral cooperation with these countries based on equality and mutual benefit.

The Chinese government will encourage Chinese businesses to participate in the economic reconstruction and development of the Middle East countries, he added.

On the Palestinian issue, Jiang said China always supports the Palestinian people's just struggle for restoring their national rights, returning to their homeland and establishing an independent state.

"We appreciate and support the autonomy accord signed by the Palestinians and Israel. We sincerely hope that the final phase negotiations (between the Palestinians and Israel), which have started, will make progress and finally lead to a just settlement of the Palestinian issue," Jiang told the reporters.

Commenting on the Sino-Israeli ties, Jiang said the development of normal relations between China and Israel will help realize peace and stability in the Middle East.

He added that China is willing to develop friendly ties with all countries in the Middle East region on the basis of the Five Principles of Peaceful Coexistence (mutual respect for territorial integrity and sovereignty, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence).

China and Israel established full diplomatic relations in 1992.

Jiang said China also supports Egyptian President Hosni Mubarak's initiative to free the Middle East region and the African continent from nuclear weapons.

Egypt is the third leg of Jiang's six-nation African tour which has taken him to Kenya and Ethiopia. He will also visit Mali, Namibia and Zimbabwe.

**PRC: Jiang Zemin Meets With Journalists in Egypt**  
OW1505225296 Beijing XINHUA in English  
2110 GMT 15 May 96

[FBIS Transcribed Text] Cairo, May 15 (XINHUA) — Visiting Chinese president Jiang Zemin said here today that it is a historical choice of the Chinese people of all nationalities to adopt the socialist road.

Jiang made the remarks during an interview with Egyptian and Chinese journalists.

Responding to a question on reason why China must stick to the socialist system, Jiang said China's modern history has proved that only when the Chinese people adopt the socialist road under the leadership of the Chinese Communist Party can China realize the goals of national unification, economic development, social stability and improvement of the people's living standards.

Speaking of the results China has made since the implementation of the economic policy of opening to the outside world in 1979, Jiang said that thanks to the rapid growth of the national economy for more than 10 years, China has achieved five years ahead of schedule the goals: redoubling the 1980 GNP volume at the end of the century.

China is speeding up its process of establishing a system of the socialist market economy and has scored successes in developing the country along a socialist road with Chinese characteristics, he said.

The general objectives of China's socialist road are to focus on economic construction, stick to the reforms and the policy of opening to the outside world, adhere to the four basic principles on socialism and the Communist Party leadership, expand the socialist market economy, develop the socialist democratic political system, and establish a socialist legal system, Jiang explained.

The Chinese president, elaborating on China's economic reforms, said that although China's socialist market economy system has some points in common with the capitalist one, it is different from that.

While the socialist market economy system embodies the general rules of the market economy, it is characterized with the public ownership, he said.

China plans to initially establish a system of the socialist market economy by the turn of the century and to achieve a rather perfect form of the system around the year 2010, he said.

Under the new economic system, he added, China's state-owned and collective sectors of the economy will be developed along with the supplementary sectors, including the individual, private and foreign-funded ones, simultaneously and in a long period.

Asked whether China regards itself as a world political force like the U.S. Or merely a force in East Asia, Jiang said China, as a developing country and a permanent member of the U.N. Security Council, is fully aware of its international responsibilities and obligations.

China, that unswervingly pursues an independent foreign policy of peace, will join other developing nations and all peace-loving countries in making positive contributions to maintaining regional and world peace, promoting common development, and opposing hegemonism, power politics and all unjust and unreasonable behaviors in the international community.

**PRC: Report on Jiang's Press Conference in Egypt**  
OW1605092996 Beijing XINHUA Domestic Service  
in Chinese 1806 GMT 15 May 96

[Report on 'interview' with Chinese President Jiang Zemin by foreign and domestic reporters in Cairo on 15 May by reporters Liu Jiang (0491 3068), Lu Jing (4151 0513), and Huang Xingwei (7806 5281 0251)]

[FBIS Translated Text] Cairo, 15 May (XINHUA) — On the afternoon of 15 May, President Jiang Zemin, who is currently on a visit to Egypt, gave an interview to reporters of Egypt's AL-JUMHURIYAH, MIDDLE EAST NEWS AGENCY, Egypt Television Station, AL-HAQIAH, AL-AHRAM, as well as to China's XINHUA NEWS AGENCY at al-Qubbah's Presidential Palace. He discussed issues with them ranging from Sino-Egyptian relations to the Middle East and the international situation and China's achievements in reform and opening up.

[AL-JUMHURIYAH] What are the most important issues that the Egyptian and Chinese leaders have discussed? In what fields can Egypt and China carry out cooperation?

[Jiang] Egypt, a big country in Africa and in the Arab world, exerts great influence and plays a weighty role in international and regional affairs. China and Egyptian leaders have always maintained close contacts.

During my visit, I have had friendly and indepth talks with President Mubarak. He and I exchanged views on international and regional issues of common interest including the current global situation, establishment of a new international political and economic order, developing countries' role in maintaining world peace and in promoting human progress, and the establishment of a non-nuclear zone in Africa, and promotion of the Mideast peace process. We highly evaluate Egypt's pursuit of an independent and nonaligned foreign policy. Egypt has greatly contributed to promoting the Middle East peace process, properly solving issues left after the Gulf crisis, strengthening unity among Arab and African countries, eliminating the nuclear threat and maintaining regional and world peace, and promoting the common development of third world countries.

In bilateral relations, President Mubarak and I also explored ways to increase friendly cooperative relations in politics, economy, trade, and culture. At present we are standing on the threshold of the turn of the century. Mankind is marching toward the 21st century. As two big countries in the world with considerable influence, China and Egypt should give consideration to ways on further enhancing friendly cooperative relations. Enhancing friendship between the two nations will not only benefit the Chinese and Egyptian people, but will also help promote South-South cooperation, which will demonstrate to developing countries how to establish an effective cooperative relationship based on equality and effectively promote mankind's common development and progress.

[AL-JUMHURIYAH] China supports President Mubarak's proposal on making the Middle East a non-nuclear zone. What kind of role is China prepared to play?

[Jiang] China supports President Mubarak's position as made in his proposal on establishing non-nuclear and non-weapons of mass destruction zones in the Middle East and Africa. China has consistently supported relevant countries in consulting on their own initiative and in voluntarily concluding agreements on the establishment of non-nuclear zones by taking into consideration the actual situation in their regions. We hold that nuclear-capable countries should respect their demands and calls, respect the status of non-nuclear zones, and assume corresponding obligations. Based on this position, China signed relevant agreements on the "Africa Non-Nuclear Zone Treaty."

[MIDDLE EAST NEWS AGENCY] China has welcomed President Mubarak's suggestion on building a free industrial zone in Egypt. Could you speak on the progress of that?

[Jiang] President Mubarak advanced some very constructive ideas on Sino-Egyptian cooperation when he visited China in 1994. China has been very positive about those ideas and has adopted corresponding measures. The amount of bilateral trade is increasing annually and exceeded \$450 million in 1995. The growth rate was 53.5 percent. Egypt is one of China's biggest trade partners in Africa. Gratifying results have also been achieved in mutually beneficial cooperation. We attach great importance to President Mubarak's request for China to set up a large commodity entrepot center in Egypt's free industrial zone. A Chinese company is now managing well a bonded warehouse in Port Said. It also plans to set up another entrepot center in the Alexandria free zone. It has completed the preliminary on-site inspection. If the center operates well, we plan to engage



in other industrial projects. We will also keep prompting the two countries' commerce and trade departments to expand the supply of merchandise, so that Egypt can increase exports to China. Yesterday, the two countries' officials signed three agreements on enhancing bilateral cooperation. I believe that, through joint efforts, the two countries' friendly and cooperative relations in various fields will be raised to another new level.

[Egypt Television Station] How does China evaluate the Mideast situation, particularly the peace process? As a big country, how is China going to play a role in the Mideast? What is the relationship between China and Israel?

[Jiang] China has consistently supported and actively promoted the Mideast peace process. Despite many difficulties and twists and turns, as a general trend, tension is easing up in the Mideast. Realizing peace and development is the common wish of the people in this region. As a permanent member of the United Nations Security Council, China will, as always, continue to support and promote flexible and realistic positions adopted by relevant sides, help eliminate obstacles, overcome difficulties, and bring about new progress on the peace process and the early realization of comprehensive and equitable peace in the Middle East.

The Arab countries of the Middle East are situated at the juncture of Asia, Africa, and Europe and possess rich natural resources. They are increasingly playing greater roles in the international affairs. China has enthusiastically participated in Mideast regional economic cooperation meetings. Mideast economic cooperation is conducive to cementing Middle East peace results. In the world, which is moving in the direction of multipolarity, China is willing to make unremitting efforts along with all Arab countries for peace and stability in the Middle East and in the world, for establishing a new, equitable, and reasonable international political and economic order, and for maintaining the rights and interests of developing countries.

China established diplomatic relationship with Israel in 1992. China's development of normal state-to-state relations with Israel will help peace and stability in Mideast. China is willing to develop friendly and cooperative relations with all countries in the Middle East on the basis of the five principles of peaceful coexistence.

[AL-HAQIQAH] China has consistently supported Palestine in building an independent country. Is China still adhering to this position?

[Jiang] China has always supported the Palestinian people's just struggle for restoring their national rights, re-

turning to their homeland, and building an independent state. China is one of the earliest countries to have recognized the Palestine Liberation Organization and the State of Palestine. We appreciate and support the autonomous agreement reached by Palestine and Israel. We are pleased to see that Palestine and Israel have begun their final stage of talks. We sincerely hope for progress in the talks, which will finally lead to an equitable and reasonable solution of the Palestinian issue.

[AL-HAQIQAH] A large and extensive trade relationship exists between China and the United States. How is the political relationship between China and the United States going to develop under the present situation?

[Jiang] As two big countries, it is in accord with the fundamental interests of China and the United States to maintain and develop a healthy and stable relationship, which is also conducive to world peace and stability. Due to efforts of both countries, the bilateral relationship has made some progress in recent years, particularly in the rapid development of the economic and trade cooperation. There are, however, still some difficulties and problems in the relationship between the two countries. The two countries, in the development of relations, are still unable to get rid of a situation marked by ups and downs in relations and by constant troubles. The Chinese side does not want to see this. Nor is it in accord with both countries' interests. I think the key to putting the two countries' relationship onto the track of normal and stable development lies in strictly abiding by principles established in the Sino-U.S. joint communiques, particularly the principles relating to mutual respect of sovereignty and territorial integrity and to non-interference in each other's internal affairs, in proper handling of issues in the bilateral relationship, especially in handling well the Taiwan issue. We are willing to make a joint effort with the United States, enhance trust, reduce troubles, develop cooperation, not engage in confrontation, and promote the stable and healthy development of bilateral relations.

[AL-HAQIQAH] Not long ago, President Yeltsin visited China and signed some agreements with China. Does it signal the starting point of a new stage in Sino-Russian relations?

[Jiang] Russian President Yeltsin recently made a state visit to China. Both sides signed the "Sino-Russian Joint Statement" and a number of bilateral cooperation documents. The two countries decided to develop a strategic cooperative partnership relationship that is based on equality and trust and aiming toward the 21st century. This formed the basic principle and set the direction of development for the two countries' relations. This showed that the development of the



relationship between the two big neighboring countries has reached a new level. This is a new type of cross-century state-to-state relationship that is not aimed at a third country and is marked by non-alignment, non-confrontation, complete equality, long-term stability, and good-neighborly, friendly, and mutual cooperation. This is in accord with the long-term interests of the two countries and two peoples and with the demands of the global situation and the law of the development of international relations following the end of the Cold War and is an important factor for world peace and stability.

[AL-HAQIQAH] There are unique points in China's economic reforms. Could you tell us something about it?

[Jiang] The goal of China's economic system reform is to establish a socialist market economic system. Implementing this kind of economic system is in accord with the actual situation in China and with the demand of the times. The purpose is to make the market fully play a fundamental role in allocating resources under state macroeconomic control and to promote and ensure the sustained, rapid, and healthy development of China's economy. Although China's socialist market economic system has some points in common with the capitalist one, it is different from it. The common points lie in the fact that both systems try to embody the general rules of market economic operation. The difference lies in the fact that, whereas the market economic system under capitalism is built on the basis of private ownership, China's socialist market economic system is built on public ownership as the primary type. Therefore, these two market economic systems are different in nature in terms of the economic fundamentals they serve and in terms of their superstructures. We plan to initially establish a socialist market economic system by the end of this century and build up a relatively perfect socialist market economic system by 2010. Under the new economic system, China's state-owned and collective sectors of the economy will be developed along with the supplementary sectors, including the individual, private, and foreign-funded ones, which are a necessary complement to the socialist economy, now and in the long run.

[AL-AHRAM] Strong economic support is the driving force for Mideast peace. How is China going to participate in the Mideast regional economic cooperation?

[Jiang] Constant progress in the Mideast peace process has created the necessary conditions for economic reconstruction and cooperation in this region. The results of economic cooperation will surely contribute to reinforcing a peace that can last. China supports all efforts

that will help countries in this region to realize regional economic cooperation. China has also twice dispatched high level government delegations to attend Mideast economic conference. A regional economic cooperation summit meeting will be held in Cairo this November. I wish the forthcoming meeting success. Traditional friendship and strong complementary cooperative relations exist between China and the Mideast countries. We are ready to actively develop bilateral and multilateral friendly cooperation with countries in this region on the basis of equality and mutual benefit and encourage Chinese businesses to actively participate in the reconstruction and development of the region's economy. Even though the size of cooperation is not very large at the present, as China and the Mideast countries develop their economies and as their national strength increases, I believe cooperation will definitely advance further and will have extremely broad prospects.

[AL-AHRAM] Does China believe it should play a political role in the world as the United States does or does it regard itself merely as a East Asian power?

[Jiang] China holds that every country, whether large or small, strong or weak, rich or poor, is an equal member of the international community, and everyone should play their due roles in the world and in their respective regions. As a developing country and a permanent member of the UN Security Council, China is fully aware of its bounden international duty and obligation. China has consistently pursued an independent foreign policy of peace and is ready to work together with the vast number of developing countries and other peace-loving countries in making positive contributions to safeguarding peace in the respective regions and the world; promoting common development; opposing hegemonism, power politics and all unfair and unreasonable acts in the international community.

[AL-AHRAM] With the approach of the 21st century, China will become a major economic power in the world. May I ask: Out of what consideration does China continue to uphold the socialist system?

[Jiang] China is the largest developing country in the world. Although China has maintained rapid growth over the last decade and more, it can only reach the level of a moderately developed country in the world by the middle of the 21st century, even after arduous and relentless efforts of several more decades.

China's taking the socialist road is the historical choice of the Chinese people of all nationalities. In their modern history, the Chinese people were subjected to all kinds of aggression and plunder from foreign powers. Countless people with high ideals and integrity overcame difficulties to explore the path and experience

with different paths, including capitalism. However, none worked out. None was able to change China's age-old weakness and poverty and the fate of division and disintegration. It was only after the CPC led and united the whole nation to rise up and wage revolution and adopt the socialist road, did China achieve unification and national unity and did it have economic growth, social stability, and the gradual improvement of the people's livelihood. Practice has enabled the Chinese people to understand deeply that only socialism can save China and develop it. Only by upholding socialism can the Chinese people of all nationalities always unite together and work with one mind to accelerate economic development, promote all-around social progress, realize the Chinese nation's revitalization, and make China prosperous and strong.

[XINHUA] What fruitful results has the policy of economic opening, instituted since 1979 in China, produced so far?

[Jiang] During the last decade and more, our country's economic and social life has undergone historic changes. The national economy maintained sustained high-speed growth. The goal of redoubling the 1980 GNP volume at the end of the century was achieved five years ahead of schedule. The problem of food and clothing has been resolved for the overwhelming majority of the people. Social productive forces, the overall national strength, and the people's livelihood have all taken a big step up. We have changed the past planned economic structure and are speeding up the process of establishing a system of the socialist market economy. The market element of the national economy and the level of socialization have notably increased. A new setup of opening to the outside world has basically come into being. We are actively using foreign capital and bringing in advanced technology. We have established a large number of joint enterprises and many wholly owned foreign enterprises. Through practice, we have successfully developed a socialist construction road with Chinese characteristics. The general requirements and objectives of this road are to firmly focus on economic construction, stick to reform and opening to the outside world, adhere to the four fundamental principles, expand the socialist market economy, develop socialist democracy, establish a socialist legal system, develop socialist spiritual civilization, and work hard to build China into a prosperous, democratic, and civilized modern socialist country.

#### PRC: Jiang's Visit to Egypt Termed 'Very Successful'

OW1605153696 Beijing XINHUA in English  
1415 GMT 16 May 96

[FBIS Transcribed Text] Cairo, May 16 (XINHUA) — Chinese President Jiang Zemin's visit to Egypt has been considered by both Jiang and Egyptian President Hosni Mubarak as very successful.

Jiang, bidding farewell to Mubarak before leaving here for southern Egyptian city of Luxor this morning, said the visit has given him "deep impressions."

Jiang, who toured several local factories and had meetings with Egyptian leaders during his stay here, said there are great potentials for the two countries to expand economic cooperation and trade ties.

He added that the Chinese government will encourage the development of economic and trade ties with Egypt.

Mubarak said that his talks with Jiang were successful, adding that the Egyptian government will make efforts to further promote bilateral relations with China.

The two heads of state stressed one point on which they shared identical views during their talks, namely, any country should not interfere in other countries' internal affairs.

Mubarak wished Jiang's six-nation African tour a complete success, which has already taken him to Kenya and Ethiopia. The Chinese president will also visit Mali, Namibia and Zimbabwe.

Jiang invited Mubarak to visit China again. Mubarak, who had visited China six times, said he would like to re-visit Shanghai, China's industrial city, where he last visited 20 years ago.

#### Sub-Saharan Africa

##### PRC: 'Full Text' of Jiang Speech in Addis Ababa

OW1505144196 Beijing XINHUA Domestic Service  
in Chinese 1259 GMT 13 May 96

[FBIS Translated Text] Addis Ababa, 13 May (XINHUA) — Visiting Chinese President Jiang Zemin today delivered a speech at the African Building. The speech is entitled "Build a New Historical Monument of Sino-African Friendship." The full text of the speech follows:

Mr. Salim, secretary general of the Organization of African Unity [OAU],

Mr. Seyoum, minister of foreign affairs, and Mr. Izzedin, minister of mines and energy, of Ethiopia,

Gentlemen of the diplomatic corps,



Ladies, gentlemen, and friends:

I am very glad to have this opportunity to meet you here today. I want to pass on to you and, through you, to the governments and peoples of all African countries, the cordial regards and good wishes of the Chinese Government and people.

As soon as we stepped on your beautiful continent, my colleagues and I were surrounded by cordiality, warmth, and friendship. An ancient Chinese saying goes: "There is no difference between good friends who are either close to us or far away from us; and even friends living far, far away can be considered as next-door neighbors." Although China and Africa are separated by mountains and seas, our hearts are close to each other.

China and Africa are areas hosting some of the earliest development of mankind's civilizations. Our two ancient civilizations converged as early as some 2,000 years ago. The eighth century was a period in which Sino-African trade and cultural exchange developed rapidly. Zheng He, the well-known navigator of the Ming Dynasty, set foot on Africa's eastern coast during the 15th century. The friendship between Chinese and African peoples is long standing and well established. There has never been any conflict between us.

China and Africa have had similar historical experiences. We both suffered deeply from colonialism and foreign aggression. During our long struggles for national independence and liberation, we always sympathized and supported each another. We will never forget that Ethiopian people's heroic struggles against Italian aggression and African people's major contributions in defeating German, Italian, and Japanese fascism greatly inspired and supported the Chinese people's struggles against the Japanese.

After World War II, both China and Africa started our glorious chapters of historical development. With the birth of the People's Republic of China and the declaration of independence by many African countries from colonial rule, Sino-African relations entered a new period of development in all fields. Chinese leaders of the older generation and forerunners of the African national liberation movement joined hands in laying a solid foundation of Sino-African friendship and cooperation. Chairman Mao Zedong said: "Chinese people welcome all African friends. Our relations with people of all African countries are good, no matter whether they have become independent or are struggling for independence." Over a period of nearly 40 years, Chinese leaders have visited Africa on many occasions, leaving their footprints in dozens of African countries; and more than 100 leaders of over 40 African countries have visited China. As a result of the frequent contacts be-

tween the two sides' high-level leaders, the relations of Sino-African friendship and cooperation have been developing and have yielded fruitful results.

The purposes of my current visit to Africa are: First, to learn from the African people, promote understanding, and deepen our friendship; second, to show African governments and peoples that maintaining amity with the vast number of African countries for generations to come has always been the Chinese Government's basic principle and the Chinese people's aspiration; and third, to discuss with our African friends issues of mutual concern under the new situation so that the traditional Sino-African friendship and cooperative relations can continue to develop.

The international situation shows that, with the end of the Cold War, the world has undergone enormous changes which are complex and profound. On the whole, the international situation is now heading toward relaxation, and the tendency of multipolarization will continue. World peace, national stability, economic growth, and social progress have become the main theme of the world today. While rising up politically, the overall economic growth of developing countries, which account for the majority of the world's population, is also picking up speed and accounting for a larger percentage in the world's economic aggregates. Developing countries are demanding a greater say in international affairs. They are the main force in maintaining world peace and promoting the establishment of a just and rational international political and economic new order. However, hegemonism and power politics still exist, the world is not peaceful, the gap between poor and rich countries is still widening, and the conditions of mankind's subsistence and development are being threatened in various ways. In short, the changes in the development of the international situation are opportunities as well as challenges to us.

When we look around the African continent, we can see that the strong impact the enormous, post-Cold War international changes had on Africa have basically become a thing of the past. We are pleased to see: The political situation is stable in most countries. The birth of the new South Africa indicated the accomplishment of Africa's mission for political emancipation. Regional cooperation has made major headway and the demand and the trend for working together to build a stronger Africa is growing. Many countries are striving to explore political patterns and paths compatible with their situations. Africa is stepping into a new historical period of seeking peace, stability, and development. The 50 or so African countries, which account for half of all nonaligned countries and nearly one-third of UN members, are always an important force in maintaining world



peace and stability. Sprawling and resource-rich Africa has enormous potential for economic development. Stability and development in Africa have everything to do with global peace and prosperity. Owing to centuries-long colonial exploitation, Africa's economic foundation is still weak; and because the unjust and irrational international economic order which the old era left behind has yet to be radically changed, many unfavorable factors still exist in the environment for Africa's development. On the whole, Africa is still confronted with economic problems, and so Africa's development remains a formidable mission which will take a long time to accomplish. But I believe that enterprising African people who have made unremitting efforts to improve themselves certainly can surmount difficulties and head for a hopeful future with an accelerated pace of development.

Over the past 30 years or so, the OAU, which has always been the symbol of African solidarity, has exerted untiring efforts for Africa's political emancipation and economic development. Under the new situation, the OAU will play an even more important role in achieving peace and stability in Africa, in maintaining African solidarity, and in promoting Africa's economic development and integration. The Chinese Government and people always support the OAU's operations, and we will continue to strengthen our solidarity and cooperation with the OAU in the future. I would like to take this opportunity to pledge our contribution of \$300,000 to the OAU on behalf of the Chinese Government.

In the outgoing 20th century, the Chinese people have accomplished two major missions under the CPC leadership: After carrying out extremely hard and difficult struggles during the first half of the century, we won the epoch-making victory in our new democratic revolution and established the New China; and during the second half of the century, we have made decisive steps on the path of building socialism with Chinese characteristics and we are heading toward building a prosperous and strong country. The Chinese Government and people are now confronted with these three main missions: Proceeding with the modernization drive, accomplishing national reunification, and safeguarding world peace. We will continue to firmly uphold our independent diplomatic policy of peace and persist in focusing on economic construction and carrying on with reform and opening up to the outside world. By the year 2000, under the situation where the Chinese population will be 300 million more than that of 1980, our per capita gross national product (GNP) will quadruple that of 1980, the Chinese people will be able to enjoy a comparatively comfortable life, and we will have built a preliminary socialist market economic system; and by the year 2010,

our GNP will double the 2000 figure. In the next three years or so, the Chinese Government will resume exercising sovereignty over Hong Kong and Macao. This eloquently shows that the Chinese people are fully capable of — and have full confidence in — doing away with any interference in accomplishing the great cause of reunifying the motherland.

China's reform and opening up policy and economic and social development plan are drawn up in accordance with our situation and the characteristics of the time. Their purpose is to further emancipate and develop the productive forces, improve the people's living standards, and increase China's overall national strength. According to our actual experiences, to maintain a sustained, rapid, and healthy economic development, we must attach great importance to properly handling the relationships among reform, development and stability. Reform is a powerful force driving economic and social development, and stability is the prerequisite for reform and development. Without political stability, national solidarity, and social tranquility, reform can hardly proceed normally, and the economy can hardly develop rapidly. We must also properly handle the relationship between opening up to the outside world and relying on our own efforts. On the basis of relying on our own efforts, we will actively promote regional economic cooperation and extensive international economic exchange and trade, combine the work of bringing in advanced technologies with our efforts to develop our own technologies and bring forth new ideas so that we can build up our own technological strength. Moreover, while using foreign capital, we will pay attention to accumulating our own capital so that we can speed up the process of narrowing our gap between developed countries. Meanwhile, we have made the policies of building a stronger country through science and education, controlling population growth, and preserving the environment as our national policies; and we are carrying out the strategy of achieving a sustainable development in an effort to promote all-round social progress.

China's development has created even more favorable conditions and opened even broader prospects for the development of Sino-African friendship and cooperation. At this historical time when we are ushering in a new century, I, on behalf of the Chinese Government and people, hereby solemnly declare that China wants to consolidate and develop 21st century-oriented, long-standing, stable, and comprehensive cooperative state relations with all African countries on the basis of the Five Principles of Peaceful Coexistence. Let us work hard together and build a new historical monument of Sino-African friendly for generations to come. To this

end, I would like to state the following suggestions and views.

1. We should become sincere, friendly, and trustworthy "all-weather friends." China and Africa had similar experiences in the past, and today we are confronted with a common mission. Africa needs China, and China also needs Africa. Sino-African friendship has a profound foundation, it has gone on for generations, and it can withstand historical tests. This friendship will absolutely not change along with the passage of time, or changes in the world situation and international structure.

2. We should treat each other equally, respect each other's sovereignty, and not interfere in each other's internal affairs. As always, China respects African countries' national characteristics, religious beliefs, and cultural traditions. We support African countries' independent choice of their political systems and development paths according to their national situations. We support African countries' just struggles for safeguarding national independence, sovereignty, and dignity; and their efforts to safeguard internal stability and unity, revitalize the national economy, and promote social progress. As for the differences and disputes among African countries, we always stand for settling them by African countries themselves through peaceful consultations without outside interference.

3. We should pursue a reciprocal relationship and benefit for the sake of common development. We firmly support African countries' efforts to develop their economies, and will, according to our capabilities, continue to provide them with government assistance without attaching any political conditions. Through coordinated efforts, joint ventures, cooperation and other forms, the two sides should rejuvenate the traditional assistance projects which China has provided African countries. While encouraging our respective enterprises to cooperate, we should especially encourage relatively strong Chinese enterprises and companies to come to Africa to carry out all kinds of mutually beneficially cooperative projects of all sizes in broad areas. During the course of cooperation, we must abide by the principles that contracts must be honored, quality must be ensured, and commitments must be undertaken. We will broaden the trade channels and increase imports from Africa so as to bring about a balanced and rapid development of Sino-African trade.

4. We should strengthen consultations and cooperate closely in dealing with international affairs. Over a long period of time, China and African countries have been maintaining cooperative traditions of sharing weal and woe and supporting one another in the United

Nations and other international venues. By doing this we have contributed positively to safeguarding world peace and to the fight for developing countries' legitimate rights and interests. Chinese and African leaders should have closer contacts. China will firmly uphold fairness and justice for African countries; stand for African countries' participation in international affairs on an equal footing; appeal to the international community to earnestly listen to Africa's voice; urge the United Nations and other relevant international organs to respect the views of African countries and the OAU; and urge the international community, especially developed countries, to do something practical to help Africa reduce their debts and improve the environment for Africa's development so as to bring about a sustained growth of the international economy and trade. The development of Sino-African friendship and cooperation will set a good example for South-South cooperation and international cooperation.

5. We should face the future and create an even better world. Following the historical trend and responding to the call of the time, China and African countries should join hands and work with all peace-loving countries and peoples in the world to establish a just and rational international political and economic new order on the basis of the Five Principles of Peaceful Coexistence, and make major contributions to expediting the lofty cause of world peace, development, and progress.

A month or so ago, the Chinese Government signed a protocol relevant to the "Treaty of a Nuclear-Free Zone in Africa," doing so unconditionally and without any reservations. This reflects China's consistent support for Africa's just movements and China's sincere friendship toward the African people. China always stands for the total banning and complete destruction of nuclear weapons. We attach great importance to and participate in negotiations for the "Comprehensive Test Ban Treaty," and are working for reaching a good treaty this year. China wants to work with African countries and all peace-loving countries and make unremitting efforts with them in promoting nuclear disarmament and achieving the ultimate goal of totally prohibiting and completely destroying nuclear weapons throughout the world.

When we look back at the past 100 years, we can see that it was a century in which African people carried out heroic, bloody, and fiery struggles for independence and emancipation; and now more than 600 million African people have won their great political emancipation, and 53 independent countries are standing tall on the African continent. The historical leap for Africa's social progress has been achieved. The past 100 years



have entered the annals as Africa's "century of emancipation."

When we look ahead, the next 100 years will be a century in which African countries will gradually achieve their economic take-off and accomplish another historical leap for Africa's social progress through counting on their own efforts as well as the international community's assistance. The coming 100 years will go down the annals as a new chapter of Africa's "development century."

We can predict that a united, stable, and prosperous new Africa not only means that the African people, who have won their political emancipation, will win their economic emancipation, but also that they will contribute enormously to world peace and development and to mankind's civilization and progress.

We have an unforgettable yesterday, the great Sino-African friendship cemented during their protracted common struggles has already been engraved in the annals of world development and also in the hearts of Chinese and African peoples. We have also a beautiful and colorful today in which Sino-African friendship is blossoming brilliantly like flowers under the Chinese and African peoples' painstaking cultivation. We also have a vital tomorrow. The wheel of time will certainly push Sino-African friendship into a new stage. As the largest developing country in the world, China wants to join hands with the world's largest developing continent, share weal and woe with you, and march into the 21st century together with full confidence.

May Sino-African friendship last forever.

Thank you all.

**PRC: Ethiopian Press Hails Jiang's Visit as Success**  
*OW1505184596 Beijing XINHUA in English*  
*1639 GMT 15 May 96*

[FBIS Transcribed Text] Addis Ababa, May 15 (XINHUA) — The Ethiopian government newspaper "The

Ethiopian Herald" said today that the three-day state visit to Ethiopia by Chinese President Jiang Zemin has been described as "an incomparably notable success".

In its editorial entitled "Tone Set For Wider Contact", the newspaper said the intimate, wide-ranging and detailed talks between presidents Jiang Zemin and Negasso Gidada on not only bilateral relations and cooperation but also international issues of mutual interest and concern are believed to have set the tone for newer and far broader vistas of collaboration.

"This was emphasized in cooperation agreements signed at the end of the visit," the editorial said, adding that "These are all believed to help greatly strengthen existing relations and cooperation in key economic and social sectors."

The editorial pointed out that "Ethiopia moreover remains committed to a policy that recognizes the government of the people's republic of China as the sole representative of the entire Chinese people. This was a point stressed by both President Negasso and Prime Minister Meles Zenawi during President Jiang Zemin's state visit."

The shared policy of non-interference, the peaceful settlement of conflicts and strict adherence to the Charter principles of the UN was likewise reiterated during the top-level talks and lays the basis for continued and greater cooperation on bilateral and key international issues, the editorial said. (endall) 151639 peek do991505.013 su 15/1845



### Political & Social

#### PRC: Tokyo Journal on Taiwan Strait Political Dynamics

OW1505134296 Tokyo SAPIO in Japanese 8 May 96 pp 90-91

[Article by Xiao Gongwang (1420 0361 2598), "senior CPC cadre," from the "Letter From the Inner Court of Zhongnanhai" series: "Jiang Zemin's Feint Against Taiwan Was Completely Successful in 'Hitting Four Birds With One Stone'"]

[FBIS Translated Text] On 26 March, prior to the time that Qiao Shi (CPC Political Bureau Standing Committee member and chairman of the National People's Congress, which is equivalent to the president of the parliament), who is the third most powerful man in the party, was to start a series of visits to "friendly countries" such as the Ukraine, Russia, and Cuba, the party's Political Bureau held an enlarged plenum in the Huaiyuantang Hall of Zhongnanhai. Jiang Zemin and all the rest of the committee members of the Political Bureau and Central Committee for Military Affairs attended. The agenda was to summarize the "two conferences" (Chinese People's Political Consultative Conference and the National People's Congress), to analyze the Taiwan situation and to formulate measures for the post Taiwan presidential election period.

The atmosphere of the meeting was good for a change. Jiang Zemin, Li Peng, Liu Huaqing (Military Affairs Committee vice chairman) and others were in a good mood throughout. Jiang Zemin was relaxed and even made witty remarks such as, "We have made a good start this year. The two conferences closed harmoniously and the objectives of a series of measures toward Taiwan have been achieved. Now, Comrade Qiao Shi can depart with a sense of relief. Eat a lot of South American bananas in Havana (Cuba) before you come home."

It is true that, since the beginning of last year, nightmarish events have occurred one after another: Beijing Deputy Mayor Wang Baosen committed suicide, Beijing's Party Secretary Chen Xitong was relieved of his position, Taiwan President Li Teng-hui visited the United States, a rapid price hike incurred the people's dissatisfaction, rearresting democracy movement activist Wei Jingshen touched off international condemnation of human rights (violations), the murder of the Vice Chairman of the National Congress, Li Peiyao, revealed deteriorating internal security, and so on.

The central agenda of this year's National People's Congress was the deliberation on the "Ninth Five-Year Plan and the Long-Term Target for the Year 2010." This was an important agenda, but because it

involved a theoretical discussion and was not very realistic, it did not become the cause of a power struggle. After Vice Chairman Li Peiyao was murdered at his home in January, it was assumed that rapid personnel changes might take place. However, Jiang Zemin and the leadership held to their previous course and did not even recommend a substitute to fill the vice chairmanship vacancy. It was a very calm and untumultuous congress.

What the whole nation and the whole world were watching was the China-Taiwan relationship, which had become extremely tense and the direction of the Chinese armed forces. They watched these instead of the Chinese People's Political Consultative Conference and the National People's Congress, which have been turning into shells without much substance. The Taiwan problem may probably be the greatest obstacle for Jiang Zemin, who wants to be the central figure among China's "third generation leaders." Two years ago, Jiang Zemin was given guidance and encouragement by the "old emperor," Deng Xiaoping.

"Chairman Mao Zedong liberated China, drove Chang Kai-shek and the Kuomintang to the island, and founded the republic. I sought a new way for socialism that was uniquely Chinese and introduced the market economy.

I also solved the Hong Kong issue peacefully. In your time, you must create a stronger China. To do that, you must settle the Taiwan (unification) issue."

As I mentioned in the last issue, Jiang Zemin, on 19 February, which was Lunar New Year's Day, paid the "first homage of the year" to Deng Xiaoping at his residence, which is located behind the Shikin Palace.

Needless to say, they touched on the Taiwan issue, but what the "old emperor" said was something unexpected.

"The (unification of) Taiwan will be impossible for the time being, and the situation of neither war nor peace will last for some time. The (use of) military power is the worst choice, but if it is unavoidable, we must use it with decisiveness. Short term pain is preferable to long term pain.

I have put you on horseback and escorted you for some time. But now it is your turn. Think and act carefully."

Ordinarily, when his favored followers were in difficulty, the "old emperor" always provided an "imperial wish" and provided good ideas. However, when it came to the Taiwan issue, even Deng Xiaoping had nothing in hand. As for the return of Hong Kong, he had a historic success. In the short period of life remaining for him, it will be impossible to realize the unification of Taiwan with China, which is the greatest outstanding question

of this century. If not handled correctly, it would hurt this great name. The crafty old politician, who realized that this was his destiny, left this difficult subject to his juniors.

Jiang Zemin felt great pressure. To determine whether he can become the new emperor in the post Deng Xiaoping era — there are three touchstones. These are (1) finally to solidify the socialistic market economy, (2) both in name and substance, to hold the leadership of the Chinese People's Liberation Army and to become the supreme authority of the armed forces, and (3) to realize, step by step, the "one country, two systems" concept, with its pinnacle being reunification of Taiwan.

The first is social development, the second is military affairs development, and the third is national development — each one is a great undertaking that would rewrite history. One and two can somehow be accomplished if enough time is devoted to them, but only the Taiwan issue has become an obstacle that no one can get around.

Historically, in order to protect our sovereignty and territory, it was considered to be the mission and duty of Chinese leaders to fight, even if it meant sacrificing all assets, human lives, and economic prosperity.

However, now that the times have changed and the international environment has greatly changed, if one takes one wrong step, he not only slips out of the position of power, but is also labelled a "criminal with historic implications and a culprit against the people."

Jiang Zemin has been doubly cautious. Since last October, twice a week in secrecy, he has summoned leaders from the military's General Staff Office, the Ministry of Foreign Affairs, and the Ministry of State Security to Zhongnanhai. With them, he analyzed information and contemplated measures concerning Taiwan. Perhaps due to his anxiety, he is said to have lost three kilograms.

During this period, the Operations Department of the military's General Staff Office submitted three "proposals for the use of force against Taiwan" to the party's Central Military Affairs Committee. (1) Rally around the newly established "Nanjing Military Theater," mobilize the best equipment of our land, sea, and air forces, and carry out a total Taiwan attack operation. (2) Instead of an assault operation on the main island of Taiwan, carry out a limited attack on Jinmen and Matsu islands. (3) During a one year period, from October 1995 to October 1996, conduct large-scale joint exercises of the three military forces in the East China Sea and in the Taiwan Strait and, through pressure from the mass media and the threat of military force, unsettle Taiwanese public sentiment and the military.

The military was especially enthusiastic and eager. With the exception of a cautious minority in the Second Department of the General Staff Office (in charge of international military affairs intelligence), almost all of the young officers of the Armed Forces Science Academy and the National Defense University supported the operational ideas set forth in number one and number two. At an enlarged Central Military Affairs Committee meeting held last November, Zhang Wannian (vice chairman of the Military Affairs Committee, and a general) boasted that "within 48 hours, we can destroy all of the military facilities throughout the island on Taiwan and successfully complete a landing operation." Explaining how that could be done, Fu Quanyou (chief of the General Staff, and a general) went on for 40 minutes. He then added that "unless we carry out the (attack on Taiwan) within two years, it will become two or three times more difficult."

However, Jiang Zemin rejected the military pressure and chose number three. He considered that, from a standpoint of legitimacy and because of his own assessment, it would be premature to attack the main island of Taiwan or to wage a limited battle on Jinmen and Matsu.

As for "legitimacy," unless Taiwan declares independence or foreign forces intervene, the use of force, albeit calling it an internal matter, will be considered a "violation of a public pledge" in international society.

As for his "real feeling," it is questionable how good the chances are for China to win, if force is in fact used.

Taking into account U.S. forces intervention, Japanese movements, the People's Liberation Army's equipment and abilities, and so forth, things would not likely go that well. Therefore, Jiang Zemin would never wager his political life based on the military's emotional arguments.

Although he will not say so openly, what Jiang Zemin wants is maintenance of the status quo for the China-Taiwan relationship. In the "Taiwan presidential election," rather than a victory by the arch enemy, the independence faction's Peng Ming-min (Democratic Progressive Party leader), the reelection of Li Teng-hui was preferable. They mobilized the mass media for a feint and denounced Li Teng-hui. As a result, sympathy votes poured in and helped secure Li's reelection.

In fact, even in the midst of the heightened tension in the Taiwan Strait, China and the United States, as well as China and Taiwan, were constantly in touch.

A high-ranking official of the Foreign Ministry was surreptitiously providing the United States with a sedative to the effect that "we will send up fireworks, but will not



set a fire." The only ones really excited were the concerned Japanese ministries and the mass media, which remained ignorant of what was going on.

When the election result came in, it was the independence advocating Democratic Progressive Party's Peng Ming-min who suffered a huge defeat, and it was Li Teng-hui who won an overwhelming victory. As a consequence, Jiang Zemin was able to avoid waging a battle, and his prestige went up as the Chinese people's patriotic feelings were aroused. In addition, this generated a form of U.S. obligation, and China was able to demonstrate its military strength to the world. This is precisely what "hitting four birds with one stone" is.

As for future Taiwan measures, the Chinese leadership is considering four strategies. (1) The solution of the Hong Kong and Macao issues is the first step toward realization of unification with Taiwan. (2) With "peaceful unification" as a premise, to increase economic exchange and stimulate the mainland's economy. (3) Taking as a premise "not abandoning the use of force," always project a military threat and restrain the independence forces. (4) On the principles of "honor sovereignty and no intervention in internal affairs," shut out intercourse between international society and Taiwan to the maximum extent, and curb "pragmatic diplomacy" and "vacation diplomacy."

The China-Taiwan relationship has been slowly calming down. But it is true that, because of a series of events, the Chinese military's prestige and voice have greatly increased. At the Chinese People's Political Consultative Conference, which just ended in March, representatives such as Hong Xuezhai (former director of Military Support Forces and general) and Xu Xin (former vice chief of General Staff and general) formally submitted a proposal for construction of a multiple number of aircraft carriers. Already, the navy and the Ship Building Industry Corporation have been in frequent contact with the Ukraine and Russia, advancing talks on cooperation and procurement of technology.

Moreover, when the snow melts and good weather arrives, nuclear testing will soon be resumed.

**PRC: Huang Ju Speech on Administration of Urban Areas**

OW1605013696 Shanghai JIEFANG RIBAO  
in Chinese 22 Apr 96 pp 1, 3

[**"Step up Construction of Communities, Improve Their Administration, and Continuously Raise the Level of Modern Administration Over Urban Areas — A Speech (Excerpts) Delivered by Huang Ju at a Shanghai Munic-**

**ipal Work Conference on Communities in Urban Areas (on 27 March 1996)" — JIEFANG RIBAO headline]**

[FBIS Translated Text] The work conference on communities in urban areas is an important meeting held to vigorously explore and improve a new system of "two-level government with three-level administration" in Shanghai Municipality under the new situation.

In recent years, the vast numbers of cadres of neighborhood committees did a large amount of work in promoting the construction of communities as well as their administration under the guidance of the municipal party committee and the municipal government. They made positive contributions to Shanghai's reform, development, and stability. However, the work to promote construction and administration of communities still faces many new conditions and problems under the new situation of developing a socialist market economy. They need us to take practical and effective measures to continuously make improvements in our future work. Therefore, the main tasks of the conference are to conscientiously implement the guidelines laid down by the Fourth Plenary Session of the Sixth Shanghai Municipal Party Committee and the Fourth Session of the 10th Shanghai Municipal People's Congress under the guidance of Deng Xiaoping theory of building socialism with Chinese characteristics and the party's basic line; further seek unity of thinking about the importance and urgency of stepping up construction of communities and improving their administration under the new situation; further define the guiding ideology for stepping up construction of communities and improving their administration as well as the goals toward which we shall strive in the next five years; further fulfill the main tasks and implement the policies and measures for stepping up construction of communities and improving their administration this year; broadly mobilize cadres of neighborhood committees to successfully step up construction of communities and improve their administration; vigorously arouse all walks of life to participate jointly in the construction of communities and their administration; continuously explore and improve the new system of "two-level government with three-level administration" from a new and higher starting point; continuously usher in a new situation in the construction and administration of communities; and continuously raise the level of modern administration over the urban area.

**I. Further Seek Unity of Thinking and Fully Understand the Importance and Urgency of Stepping Up Construction of Communities and Improving Their Administration**

Communities are the cells of an urban area. The construction of communities and their administration



constitute the basic work of the construction of an urban area and its administration. Bringing into full play the role of neighborhood committees in the basic work of stepping up construction of communities and improving their administration has all along been the tradition and strong point of our party and government in improving the basic work at the grass-roots level. When Comrade Jiang Zemin participated in a discussion held by Shanghai deputies during the Fourth Session of the Eighth National People's Congress [NPC], he stressed: "It is necessary to vigorously step up construction of communities and bring into full play the role of subdistrict offices and neighborhood committees. They made tremendous contributions in the fifties and sixties, and it is necessary to give further play to their important role in improving administration over an urban area and maintaining its order in the new period."

The basis for strengthening party building as well as the building of spiritual civilization and for maintaining social stability lies in the grass roots. Communities are the carrier [zai ti 6528 7555]. Only by stepping up construction of communities and improving their administration can we achieve coordinated economic and social development and give a satisfactory answer on both material and spiritual civilizations to the party Central Committee.

(1) Stepping up construction of communities and improving their administration is a necessity for intensifying reform of the economic system. Stepping up efforts to intensify reform of the economic system and accelerating the process of Shanghai's taking the lead to establish socialist market economic operating mechanisms are the fundamental ways for bringing about a change in the mode of economic growth from an extensive to an intensive type and for promoting Shanghai's economic construction to a new level. So far as the government is concerned, it must accelerate the change of its functions, reform administrative organs, improve administrative methods, and gradually transfer some functions of administration over routine social affairs to society. Meanwhile, corresponding changes will take place in the government's establishment of organs and methods of administration. So far as enterprises are concerned, they must become legal entities that independently conduct business operations, are responsible for their own profits and losses, and strive for expansion on their own and become the major participants in market competition as quickly as possible. Under the conventional system of a planned economy, enterprises had multiple functions. They ran mess halls, nurseries, and kindergartens; built dormitories, schools, and hospitals; provided services and support for staff and workers during birth, aging, illness, and death. As the reform of enterprises contin-

uously intensifies, we must transfer to the society many functions that enterprises exercised under the conventional planned economy system. Therefore, under the new situation of developing a socialist market economy, we shall have to rely to a greater extent on communities to undertake many social functions; therefore, bringing into full play the role of administration over communities will appear more important than it did under the conditions of a planned economy.

(2) Stepping up community construction and improving administration are necessary for strengthening modern urban administration. To build a modern international city, we must accelerate urban modernization and remodeling; still more, we must strengthen and upgrade modern urban administration through improving community administration. If we fall behind in urban administration, further urban development will be restricted. To build Shanghai into a modern international financial center, we have an increasingly heavier task in modern urban administration. Further, the focus of administration is shifting to lower levels, and municipal and district governments will gradually distribute a sizable number of management functions to the neighborhood committees. Therefore, the task, difficulty, and demands of administration will continue to increase for the neighborhood committees. It is possible truly to implement various measures for urban administration and continue to raise the level of Shanghai's modern urban administration only through strengthening community construction and improving administration.

(3) Stepping up community construction and improving administration is necessary for improving the people's living quality and living environment. Based on economic development, we must continue to improve the life of urban and rural people. We must gradually raise the people's income level and improve the people's living quality and environment through community services. In particular, in recent years Shanghai residents have increasingly demanded for improvement for their living quality and living environment. To step up community construction and improve administration, we must strengthen the construction and management of community facilities that are close to the people's life: enhancing comprehensive management of community environment in transportation, public health, environmental protection, and greening projects; strengthening comprehensive management of public security; providing various convenient services for the people's life; continuing to improve the people's living quality; and creating a safe, clean, convenient, and comfortable living environment for the people.

(4) Stepping up community construction and improving administration is necessary for strengthening social-

ist spiritual civilization. Spiritual civilization is an important component in the undertakings for building socialism with Chinese characteristics and an important task in Shanghai's trans-century and magnificent development objectives. To strengthen spiritual civilization, we must consider communities as the carriers and the masses as the main body. Only when we, through the process of strengthening community construction and improving administration, combine spiritual civilization with the task of enhancing and improving community management, community services, and community cultural activities, can we truly bring about spiritual civilization and achieve practical results to raise Shanghai's socialist spiritual civilization to a new stage.

(5) Stepping up community construction and improving administration is necessary for strengthening grass-roots work and safeguarding social stability. The community is the foundation for maintaining the entire social stability and for the party's mass work. Shanghai can truly maintain security and the country can achieve long lasting peace only when the foundation is stable. We must promptly solve problems that affect social stability at the early stage. We must solve these problems at the grass-roots level and localities to prevent them from developing those problems that affect the overall situation. We must uphold effective methods of the past; still more, we must bring into full play the community role as the "first defense line" in safeguarding social stability by strengthening community construction and management. As long as we build a good foundation at the grass-roots level and achieve social stability in the community, there will be a solid foundation for the entire society's stability.

## **II. Proceeding From the Implementation of the Trans-Century Magnificent Strategic Goal in Shanghai, Establish the Guiding Ideology and Targets of Endeavor for Community Construction and Management**

During the Ninth Five-Year Plan period, the general guiding ideology of Shanghai for strengthening community construction and management is to adhere to Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; comprehensively implement the basic principle of "seizing opportunities, deepening reforms, opening wider to the outside world, promoting development, and maintaining stability"; emancipate the mind, seek truth from facts, constantly explore and perfect the new system of "two-level government and three-level management"; energetically explore a new system for community construction and management; strengthen the construction of grass-roots party organizations; strengthen building

of the socialist spiritual civilization; further the comprehensive improvement of social order; raise the level of modern urban management; and create for the people a safe, clean, convenient, and comfortable living environment.

In accordance with the above guiding ideology, the targets of endeavor for strengthening community construction and management of Shanghai are as follows: by the year 2000, to initially establish a stable and safe community social order, a community service network convenient and beneficial to the people, a community person-to-person relationship of unity and harmony, and a healthy and upward community cultural atmosphere; and to lay a foundation for the construction of a modern community with complete infrastructure, comfortable and elegant environment, standardized and orderly management, and sound guarantee functions.

To strengthen community construction and management, we must have a strong sense of political responsibility to the broad masses of people and turn the targets of endeavor into action by the people of the whole municipality; and we must also have a scientific attitude of seeking truth from facts, proceed from the reality of Shanghai, and push our work forward in a planned way and step by step. To ensure smooth progress in work to strengthen community construction and management and to attained the anticipated results, we must adhere to the following basic principles in our work:

(1) Integrate targets for the near future with long-term ones, and regard the former as the dominant factor. We must properly handle the relationship between our targets for the near future and our long-term ones and keep our eyes on long-term targets while starting with short-term ones. Long-term targets should be implemented in several stages, and relevant measures should be taken step by step. They should be broken up into work targets and policy measures of different stages, and priority should be given to those for which necessary conditions are available. If we perseveringly take one step forward each year for several years, we certainly will hit the targets of our endeavor.

(2) Give prominence to key points and stress actual results. In implementing work targets of different stages, we must make clear what conspicuous problems are to be solved, what weak links are to be strengthened, what corresponding measures are to be taken, what substantive progress has been made, and what substantive results have been achieved. We must earnestly and properly work to bring more benefits to the residents so that the quality of the livelihood and the living and housing conditions of the residents can be improved year after year.



(3) Link work at selected spots with that in entire areas, and give guidance according to different categories. Distinguish among differing cases and clearly define different work requirements. In making arrangements for work, it is necessary to form a work pattern in which selected spots, lines, and areas are integrated, so that overall community construction and management can proceed in an orderly manner and step by step and maintain a well-ordered work rhythm, with work in all areas promoted by drawing upon experience gained at selected spots. In pushing our work forward, it is necessary to integrate making arrangements for entire areas with giving guidance according to different categories; make greater efforts to do painstaking work according to different requirements for selected spots, lines, and areas; and give guidance according to different categories and different conditions, so that more fruitful results can be obtained in community construction and management.

(4) Various quarters should give their support and should jointly participate in the work. Strengthening community construction and management is the common task of party and governments at all levels, various fronts, various enterprises and establishments, and all members of the society of the entire municipality. Various quarters of the entire municipality must base themselves on the interests of the overall situation, cooperate on their own initiative, show common concern, and work with concerted efforts to raise the level of modern urban management.

### **III. Give Prominence to Key Points in Work, Strive To Fulfill Various Tasks of Strengthening Community Construction and Management This Year**

The general requirement of strengthening community construction and management of Shanghai this year is to make clear concrete targets, give prominence to key points in work, strengthen weak links, implement corresponding measures, and attain actual results so that a good start can be made in community construction and management at a new starting point.

(1) Make efforts to strengthen three weak links. The work of neighborhood and residents' committees is an important foundation for strengthening community construction and management in the new period. It must be strengthened and must not be weakened. In particular, we must make up our minds to strengthen weak links. The first is that some "blank points" have not yet been eliminated. Neighborhood and residents' committees have not yet been established as they should have been in some new residential areas built by the Urban Suburban Integration Department, and we must earnestly take effective measures to eliminate such

"blank points" in a planned way and step by step. The second is that management is not yet carried out. In some areas, particularly areas built by the Urban and Suburban Integration Department, management of the appearance, environment, social order, and so on, has not yet been carried out. Problems related to the system must be solved and duties defined so that management in various aspects can be carried out as soon as possible. The third is that conspicuous problems have not yet been solved. Centering on problems in system, mechanism, staffing, wages, and housing, we must focus our efforts on solving five conspicuous problems -- the management system, the contingent of law-enforcement workers, staffing levels, financial mechanisms, and the construction of facilities -- so as to create a better material foundation for community construction and management.

(2) Go all out to implement five measures. In order to help neighborhood and residents committees solve some substantive problems so that community construction and management can really be strengthened, we must go all out to implement structural policy measures in five aspects:

1. Straighten out the departmental and regional management structure. We must further straighten out the departmental and regional management structure so that the "two-level government and two-level management" structure can gradually be changed into the new "two-level government and three-level management" structure. We should further strengthen management at the neighborhood level in order to give better play to neighborhood management functions. At present, neighborhood party committees, work committees, and offices, whose nature as agencies of district committees and district governments has remained unchanged, perform their respective government administrative functions in accordance with laws, regulations, rules, and authorization of district governments; perform, in areas under their jurisdiction, administrative and management functions of urban management, community service, comprehensive improvement in social order, building of spiritual civilization, organization and leadership of neighborhood economic organizations, comprehensive coordination, supervision, and inspection; and are comprehensively responsible for work of areas, society, and the masses. According to community administrative and management functions, the functional departments of the district government agencies concerned, corresponding to neighborhood offices, should, in principle, be established; and they should accept dual leadership of neighborhood and the district government functional departments concerned. Considering the actual situation at present, there are differences in the juris-



diction of neighborhoods, in basic neighborhood conditions, and in progress in reforming the departmental and regional management structure in neighborhoods; thus we should, in the process of implementation, give guidance according to different categories and different situations, should not impose uniformity, and should allow exploration in different forms.

2. Build a comprehensive law-enforcement contingent. Strengthen administrative and management functions at the neighborhood level in accordance with the principle of separating government administration from enterprise management, government administration from establishment management, and examination and approval power from the law-enforcement power, so that such functions can be gradually performed through readjustment; improve and perfect the neighborhood administrative and law-enforcement structure and put the 10 law-enforcement teams, which are directly related to community administration and management, under the following: first, public security departments and police substations; second, industry and commerce administrative offices and taxation offices; and third, urban construction supervision teams. According to different conditions, some law-enforcement teams should be directly commanded and controlled by neighborhood offices, while others should be organized and coordinated by neighborhood offices.

3. Readjust the scale and personnel. In accordance with the principle of "small residents' committees and big neighborhoods," we should appropriately readjust the organizational scale and personnel size of neighborhood offices and residents' committees in light of the features of each neighborhood: whether it is located in a central area or urban-suburban integrated area, whether it is an old city or a newly built residential area, and whether it has a dense or gradually declining population. There should be room for readjusting, upward or downward, the scale of organization and the number of personnel slots, which are to be readjusted for necessary expansion and reduction in accordance with actual conditions in the size of area and population.

4. Improve the mechanism of financial resources. In line with the principle of unifying authority with financial power, we should tap various sources to increase financial resources of neighborhood and residents' committees gradually and improve their staff members' livelihood. The total income of residents' committee staff members should, in general, be higher than the average monthly income of workers in the municipality. Meanwhile, standards of official expenses of residents committees should be raised as deemed necessary.

5. Guarantee auxiliary facilities of residents committees' official buildings and public construction. Pursuant to the new requirements for improving community construction and management, we should promptly readjust the indexes of public construction auxiliary facilities and community service facilities. Meanwhile, there should be clear provisions for preferential treatment in terms of policy on the use of land and buildings and on charges and fees for community service and social welfare undertakings set up by neighborhood and residents' committees, social and economic organizations, and individuals. We should actively encourage and fully mobilize forces in all social circles to jointly set up community service and social welfare undertakings to push ahead the process of socialization of social welfare undertakings.

(3) Strive to strengthen efforts in five aspects. This year is crucial for implementing three three-year plans on party building; construction of spiritual civilization; and judicial, procuratorial, and public security work, including comprehensive management of public security. In view of the new situation, we should improve community construction and management to ensure the three three-year plans are implemented to the letter at the grass-roots level. This year, we should make new progress in intensifying efforts in the following five aspects:

1. It is necessary to further strengthen the foundation of social stability. We should strengthen and establish a more complete organizational network of neighborhood and residents' committees. In "blank point" areas where neighborhood and residents' committees should have been set up but have not, especially in areas where residents have already moved in, neighborhood and residents' committees should be set up as soon as possible. Neighborhood and residents' committees should be set up in 50 percent of the "blank point" areas this year, and should be basically set up in all "blank point" areas within three years. Where neighborhood and residents committees are short of personnel, it is necessary to replenish them as soon as possible. In urban-suburban integrated areas, especially areas with a concentrated population of migrant workers from outside of Shanghai where neighborhood and residents committees are devoid of sound structure and cannot exercise effective managerial functions, it is necessary to promptly improve the structure for exercising effective managerial functions. Where residents' committees of a small number of farmers' new villages have appeared as a result of the expansion of the city area, we should straighten out the relationship between villagers' committees and residents committees and ensure that the basic work at

the grass roots is truly strengthened and that public order and social stability are maintained and promoted.

2. It is necessary to further build up grass-roots party organizations. The key to improving community construction and management lies in strengthening building of grass-roots party organizations. We should bring into full play the role of grass-roots party organizations as the core of leadership in the basic work of community construction and management and, through their effective work, enable the broad masses of residents to hear the party's voices and feel the party's warmth in a timely way. Especially in new residential areas, we should, first and foremost, set up neighborhood party work committees and residential area party branches for preparing the establishment and carrying out the work of neighborhood offices and residents committees under the leadership of party organizations. As the agency of a district party committee, the neighborhood party work committee exercises leadership over work of the area and supports and guarantees administrative, economic, and grass-roots mass autonomous organizations in fully exercising their functions. As the party's most basic organization in a community, the residential area party branch is the core of leadership in the work of a residents' committee; and it should ensure implementation of the party and government's principles and policies in residential areas.

3. It is necessary to strengthen community management further, in close conjunction with the improvement of municipal residents' daily life. Efforts should be concentrated on strengthening comprehensive management of the appearance of a community, especially in urban-suburban integrated areas; in its environment, public health, greening, trade fairs, and markets; and on strengthening the comprehensive management of public order and supervision of migrants from outside the municipality in order to dissolve various factors of instability and check the spread of social evils, thereby bringing about a marked change for the better in community appearance and public order.

4. It is necessary to improve community service and make municipal residents' daily lives more convenient. In light of the realities and needs of the masses of residents, all neighborhood and residents' committees should exploit and utilize community resources as much as possible; and set up complete community service networks of poverty relief, mutual aid, care and respect for the aged, and other kinds of service to provide convenient services in all forms and solve problems in all fields and raise the living standards of residents.

5. It is necessary to intensify further the building of spiritual civilization and raise the quality of municipal resi-

dents. We should launch various mass cultural activities, encourage residents to take part extensively in community public welfare and mutual assistance projects; strive to create a sound and inspiring community environment for bringing up people; carry out an in-depth drive to build "small civility areas"; and further raise the quality of municipal residents and the level of urban civilization.

Perfecting the new system of "two-level government and three-level management" and exploring new mechanisms for strengthening community construction and management are reform measures and pioneering work aimed at further raising the management level of urban modernization under new circumstances. Party and government organizations at all levels should regard community construction and management as important tasks by translating the measures into action and clearly defining individual responsibilities to achieve substantive results. All district party committees and governments should exercise effective leadership in strengthening community construction and management by conscientiously formulating plans for implementation, constantly summing up experiences, and carrying out work in an orderly and down-to-earth way. Relevant departments under the municipal and district governments should step up guidance and ensure good overall planning, coordination, and service to facilitate the prompt implementation of all systems and policy measures. Cadres of neighborhood and residents' committees at large should increase their sense of responsibility and urgency; strive to enhance their political awareness, professional competence, and managerial ability; and continuously push community construction and management to a new level. Under the guidance of the Deng Xiaoping theory on building socialism with Chinese characteristics and the party's basic line, and under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, let us work with one heart and one mind; advance bravely and in unity; carry out the tasks of party building, the building of spiritual civilization, and judicial, procuratorial, and public security work, including comprehensive management of public order down to the grass-roots level; and strive for the comprehensive accomplishment of Shanghai's magnificent strategic goal toward the next century!

**PRC: Li Peng Inspects Anhui Province 30 Apr-4 May**

OW1605023896 Beijing XINHUA Domestic Service in Chinese 1101 GMT 5 May 96

[By reporter Zhu Youdi (2612 1635 2769)]

[FBIS Translated Text] Hefei, 5 May (XINHUA) — While inspecting Anhui recently, Premier Li Peng



pointed out: Initial results have been made in harnessing Huai He, but our tasks still remain arduous. The four provinces in the reaches of Huai He should continue to develop the spirit of working hard, stressing self-reliance, and strengthening unity to harness the river so as to enable Huai He to reach the standard of being able to prevent the biggest flood in a century. We must be prepared against seasonal flood this year. Before the high-water season arrives, all localities must carry out flood-prevention measures. Where there is precaution, there is no danger, and they will be able to pass the high-water season safely.

Accompanied by Lu Rongjing, secretary of the Anhui provincial party committee, and Anhui Governor Hui Liangyu, Premier Li Peng inspected enterprises, rural areas, and schools in Wuhu, Fuyang, Huainan, and Hefei between 30 April and 4 May, visiting grass-roots units to learn about the situation there. Li Peng also braved the rain to inspect the project of harnessing Huai He and to learn about the progress made by the people who were victims of the big Huai He flooding in 1991 to rebuild their homes and restore and develop production.

The Huai He basin spans Henan, Anhui, Jiangsu, and Shandong. As it is situated in an area where north and south China meet, its climatic condition is extremely complex. Historically, this basin has been a region in China where flooding and droughts have been frequent and has been described as a region of "big rain big disaster, small rain small disaster, and no rain drought disaster." Although large-scale harnessing projects were carried out after liberation, its flood-prevention capacity is still low. Anhui was hit by a big flood in the summer of 1991. General Secretary Jiang Zemin and Premier Li Peng personally visited the disaster-stricken areas. Braving the summer heat, they inspected areas where the damage was most serious to make plans for combating floods and giving relief to victims and to comfort the masses in the stricken areas. Five years later, Li Peng came to Anhui again. He was very pleased to see that a complete change has taken place in the appearance of the disaster areas, that major progress has been made in the project of harnessing Huai He, that victims have moved into new houses, that most of the thatched houses have been converted into new brick houses, and that the masses are living and working in peace and contentment. Li Peng said: Water conservancy is the lifeline of agriculture. After the big Huai He flooding in 1951, Chairman Mao issued the call "We must harness Huai He." Great achievements have been made in harnessing Huai He in the past decades, but the river has not been thoroughly harnessed. After the serious flood in 1991, the party Central Committee and the State council have held many meetings, made the "decision

on further harnessing Huai He and Tai Hu," focused on solving the problem of the lack of ability to impound floodwater in the upper reaches of the main river, the problem of obstacles in the middle reaches of the river, and the problem of impeded flow at the lower reaches of the river. During the Eighth Five-Year Plan period, the central and local authorities increased investment in harnessing Huai He. Although initial results have been achieved, arduous tasks still remain. He urges the authorities of the four provinces in the Huai He basin to work in unity to raise the river's ability to prevent the biggest flood in a hundred years so as to fulfill the harnessing target set by the central committee in 1991. At the same time, efforts should be made to prevent and treat pollution in the river.

Agriculture is another focal point of Premier Li Peng's inspection tour. He said: Anhui is an important agricultural province and has relatively good conditions and prospects for developing agriculture. It should make greater contributions to the country in developing agriculture. Efforts should be made to transform medium- and low-yield farms into stable- and high-yield ones with the help of science and technology, so as to reach the target of increasing the province's grain output by 10 billion jin during the Ninth Five-Year Plan.

Showing great interest in the method of raising cattle with ammoniated straw adopted by peasants in Puyang, Li Peng made a special trip to the prefecture to acquaint himself with cattle raising here. He pointed out development of cattle breeding should be guided by market demands. While focusing on setting up modern slaughterhouses, it is necessary to integrate commerce, industry, and farming into a single entity. Attention should be paid to improving strains and raising the quality of oxen and breeding efficiency. The whole body of an ox is a treasure. Attention should be paid to deep processing and comprehensive utilization of oxen so as to create more products.

Li Peng stressed: It is necessary to strengthen urban planning work, strictly control the scale of cities, appropriately develop medium and small cities, and rationally develop medium and small towns in conjunction with the establishment of town and village enterprises. Anhui and all other localities throughout the country should set up a sound capital farmland protection system, cherish their land as if it were gold, and rationally utilize valuable land resources.

After hearing a report on Anhui Province, Li Peng fully affirmed the outstanding achievements scored by the people of Anhui during the Eighth Five-Year Plan period under the leadership of the provincial party committee and the provincial government. He said:



These achievements were not easy to make. Instead of being cowed by the serious flood in the summer of 1991, the people of Anhui have worked in unity and succeeded in not only quickly healing the wounds caused by the flooding but also in overfulfilling the Eighth Five-Year Plan in an all-round way, turning the past five years into the best period of economic and social development for Anhui. During my inspection here, I could see changes in both urban and rural areas.

Li Peng said: In the past 18 years since the introduction of reform and opening up to the outside world, great changes have taken place in China. If through 15 more years of efforts we can smoothly accomplish the Ninth Five-Year Plan and the long-term target through the year 2010, China's overall strength will have greatly increased; the Chinese people will become more prosperous; and China will stand high in the world in its new appearance. Li Peng pointed out: In realizing the Ninth Five-Year Plan and the outline of the long-term target through the year 2010, all localities should concentrate on effecting the fundamental shifts, closely integrating accelerating development with realization of the two fundamental shifts, and bringing about a sustainable economic and social development.

Touching on promoting the reform and development of state-owned enterprises, Li Peng pointed out the necessity to fully tap the potential of existing enterprises, raise the efficiency of investment returns, give priority to technical transformation, cut down the number of new projects, raise the technical level of new projects, and pay attention to scale and returns.

Li Peng said: It is necessary to further strengthen the building of a spiritual civilization, foster a good social atmosphere, and create a good environment for economic and social development. At present, a giant struggle to crack down on crimes is being launched in all parts of the country under the unified plan of the central authorities. The struggle is supported by the people. Party committees and governments at all levels and public security departments at all levels should fully mobilize the masses, closely rely on them, and strictly punish criminal offenders according to law so as to greatly improve China's public order and create a condition for the people to live and work in peace and contentment.

On the morning of 4 May, Premier Li Peng arrived at the Chinese Science and Technology University to inspect its materials structure laboratory. He met with representatives of the university's teachers and students and had a picture taken with them. Premier Li Peng said: Today is 4 May Youth Day. I extend festival greetings to the teachers and students of the

educational front. He pointed out: An important point in the Ninth Five-Year Plan and the long-term target through the year 2010 is the strategy of invigorating the country through science and education. The key to effecting the two fundamental shifts in China's economic structure and economic growth mode lies in education and scientific and technological progress. Education is the foundation, and science and technology are primary productive forces. As the Chinese Science and Technology University shoulders a heavy task of undertaking scientific research and training scientific and technological personnel, I hope it will reap a twin success in both teaching and scientific research.

Those who accompanied Li Peng on the inspection tour were He Chunlin, Li Jiang, Han Zhubin, Chen Tonghai, Zhang Chunyuan, and Jiang Yunbao, responsible persons of the State Council's relevant departments, as well as leaders of Anhui's departments concerned.

#### PRC: Beijing To Abide by UN Maritime Convention

OW1505141596 Beijing XINHUA in English  
1405 GMT 15 May 96

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — The Standing Committee of the National People's Congress of China decided at a meeting today to abide by the UN's Maritime Convention.

In doing so it will increase the sea area under its jurisdiction to about three million sq [square] km, from 370,000 sq km, and have its rights to territorial waters and continental shelves recognized under international law.

The convention took effect in 1994 as the most comprehensive international law of the sea. China is the 87th country to adopt it.

It sets the 200 nautical mile limit, giving a sovereign nation the right to explore, develop, preserve, and manage natural resources in the exclusive economic zone.

It also allows nations to establish a 12 sea mile territorial sea and contiguous zone, which makes clear of China's sovereign right over its territorial sea and continental shelves.

According to the convention, international seabeds and natural resources there are common assets of people all over the world and should be administered by the International Seabed Management Bureau. China registered as an investor to develop a sea zone of 150,000 sq km in the northeastern Pacific in 1991.

The move also helps China better develop and manage the sea. China boasts six million ha [hectares] of shallow sea area along its coastline, and less than one percent of the area exploited.

"China will establish and perfect its laws more quickly in accordance with the convention," said Zhang Dengyi, director of the National Oceanographic Bureau, noting that China should improve management of the sea, establishing a system and training professionals.

**PRC: Declaration on Sea Baselines for Paracel Islands**

OW1505113056 Beijing XINHUA in English  
1102 GMT 15 May 96

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — The Chinese government today issued a statement on the baselines of part of its territorial sea adjacent to the mainland and those of the territorial sea adjacent to its Xisha [Paracel] Islands.

The full text of the Statement is as follows:

Declaration of the Government of the People's Republic of China on the Baselines of the Territorial Sea of the People's Republic of China (15 May 1996)

In accordance with the Law of the People's Republic of China on the Territorial Sea and the Contiguous Zone adopted and promulgated on 25 February 1992, the Government of the People's Republic of China hereby announces the baselines of part of its territorial sea adjacent to the mainland and those of the territorial sea adjacent to its Xisha Islands as follows:

1. The baselines of part of the territorial sea adjacent to the mainland are composed of all the straight lines joining the adjacent base points listed below:

1) Shandonggaogiao (1)	37 Degree 24.0'N	122 Degree 42.3'E
2) Shandonggaogiao (2)	37 Degree 23.7'N	122 Degree 42.3'E
3) Moyedao (1)	36 Degree 57.8'N	122 Degree 34.2'E
4) Moyedao (2)	36 Degree 55.1'N	122 Degree 32.7'E
5) Moyedao (3)	36 Degree 53.7'N	122 Degree 31.1'E
6) Suzhondao	36 Degree 44.8'N	122 Degree 15.8'E
7) Chaolinandao	35 Degree 53.6'N	120 Degree 53.1'E
8) Dazhondao	35 Degree 00.2'N	119 Degree 54.2'E
9) Macuibeig	33 Degree 21.8'N	121 Degree 20.8'E
10) Waihejiao	33 Degree 00.9'N	121 Degree 38.4'E

1) Shandonggaogiao (1)	37 Degree 24.0'N	122 Degree 42.3'E
11) Sheshandao	31 Degree 25.3'N	122 Degree 14.6'E
12) Haijiao	30 Degree 44.1'N	123 Degree 09.4'E
13) Dongnanjiao	30 Degree 43.5'N	123 Degree 09.7'E
14) Liangxiongdiyu	30 Degree 10.1'N	122 Degree 56.7'E
15) Yushanliedao	28 Degree 53.3'N	122 Degree 16.5'E
16) Taizhouliedao (1)	28 Degree 23.9'N	121 Degree 55.0'E
17) Taizhouliedao (2)	28 Degree 23.5'N	121 Degree 54.7'E
18) Daotianshan	27 Degree 27.9'N	121 Degree 07.8'E
19) Dongyindao	26 Degree 22.6'N	120 Degree 30.4'E
20) Dongshadao	26 Degree 09.4'N	120 Degree 24.3'E
21) Niushandao	25 Degree 25.8'N	119 Degree 56.3'E
22) Wuqiuyu	24 Degree 58.6'N	119 Degree 28.7'E
23) Dongdingdao	24 Degree 09.7'N	118 Degree 14.2'E
24) Daganshan	23 Degree 31.9'N	117 Degree 41.3'E
25) Nanpengliedao (1)	23 Degree 12.9'N	117 Degree 14.9'E
26) Nanpengliedao (2)	23 Degree 12.3'N	117 Degree 13.9'E
27) Shibeishanjiang	22 Degree 56.1'N	116 Degree 29.7'E
28) Zhenhouyan	22 Degree 18.9'N	115 Degree 07.5'E
29) Jipengliedao	21 Degree 48.5'N	113 Degree 58.0'E
30) Weijindao	21 Degree 34.1'N	112 Degree 47.9'E
31) Dafanashi	21 Degree 27.7'N	112 Degree 21.5'E
32) Qizhouliedao	19 Degree 58.5'N	111 Degree 16.4'E
33) Shuangfan	19 Degree 53.0'N	111 Degree 12.8'E
34) Dazhondao (1)	18 Degree 39.7'N	110 Degree 29.6'E
35) Dazhondao (2)	18 Degree 39.4'N	110 Degree 29.1'E
36) Shuangfanashi	18 Degree 26.1'N	110 Degree 08.4'E
37) Linghaijiao	18 Degree 23.0'N	110 Degree 03.0'E
38) Dongzhou (1)	18 Degree 11.0'N	109 Degree 42.1'E
39) Dongzhou (2)	18 Degree 11.0'N	109 Degree 41.8'E
40) Jinnanjiao	18 Degree 09.5'N	109 Degree 34.4'E
41) Shennhijiao	18 Degree 14.6'N	109 Degree 07.6'E
42) Xigudao	18 Degree 19.3'N	108 Degree 57.1'E
43) Yinggezui (1)	18 Degree 30.2'N	108 Degree 41.3'E
44) Yinggezui (2)	18 Degree 30.4'N	108 Degree 41.1'E



1) Shandonggaojiao (1)	37 Degree 24.0'N	122 Degree 42.3'E
45) Yinggezui (3)	18 Degree 31.0'N	108 Degree 40.6'E
46) Yinggezui (4)	18 Degree 31.1'N	108 Degree 40.5'E
47) Gan'enjiao	18 Degree 50.5'N	108 Degree 37.3'E
48) Sigengshajiao	19 Degree 11.6'N	108 Degree 36.0'E
49) Jiabijiao	19 Degree 21.1'N	108 Degree 38.6'E

2. The baselines of the territorial sea adjacent to the Xisha Islands of the People's Republic of China are composed of all the straight lines joining the adjacent base points listed below:

1) Dongdao (1)	16 Degree 40.5'N	112 Degree 44.2'E
2) Dongdao (2)	16 Degree 40.1'N	112 Degree 44.5'E
3) Dongdao (3)	16 Degree 39.8'N	112 Degree 44.7'E
4) Langhuajiao (1)	16 Degree 04.4'E	112 Degree 35.8'E
5) Langhuajiao (2)	16 Degree 01.9'N	112 Degree 32.7'E
6) Langhuajiao (3)	16 Degree 01.5'N	112 Degree 31.8'E
7) Langhuajiao (4)	16 Degree 01.0'N	112 Degree 29.8'E
8) Zhongjiandao (1)	15 Degree 46.5'E	111 Degree 12.6'E
9) Zhongjiandao (2)	15 Degree 46.4'N	111 Degree 12.1'E
10) Zhongjiandao (3)	15 Degree 46.4'N	111 Degree 11.8'E
11) Zhongjiandao (4)	15 Degree 46.5'N	111 Degree 11.6'E
12) Zhongjiandao (5)	15 Degree 46.7'N	111 Degree 11.4'E
13) Zhongjiandao (6)	15 Degree 46.9'N	111 Degree 11.3'E
14) Zhongjiandao (7)	15 Degree 47.2'N	111 Degree 11.4'E
15) Beijiao (1)	17 Degree 04.9'N	111 Degree 26.9'E
16) Beijiao (2)	17 Degree 05.4'N	111 Degree 26.9'E
17) Beijiao (3)	17 Degree 05.7'N	111 Degree 27.2'E
18) Beijiao (4)	17 Degree 06.0'N	111 Degree 27.8'E
19) Beijiao (5)	17 Degree 06.5'N	111 Degree 29.2'E
20) Beijiao (6)	17 Degree 07.0'N	111 Degree 31.0'E
21) Beijiao (7)	17 Degree 07.1'N	111 Degree 31.6'E
22) Beijiao (8)	17 Degree 06.9'N	111 Degree 32.0'E
23) Zhaoshudao (1)	16 Degree 59.9'N	112 Degree 14.7'E

1) Dongdao (1)	16 Degree 40.5'N	112 Degree 44.2'E
24) Zhaoshudao (2)	16 Degree 59.7'N	112 Degree 15.6'E
25) Zhaoshudao (3)	16 Degree 59.4'N	112 Degree 16.6'E
26) Beidao	16 Degree 58.4'N	112 Degree 18.3'E
27) Zhongdao	16 Degree 57.6'N	112 Degree 19.6'E
28) Nandao	16 Degree 56.9'N	112 Degree 20.5'E

The Government of the People's Republic of China will announce the remaining baselines of the territorial sea of the People's Republic of China at another time.

#### PRC: NPC Approves 5 Laws 15 May; Qiao Shi Chairs Session

OW1505143596 Beijing XINHUA in English  
1258 GMT 15 May 96

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — The Standing Committee of the National People's Congress (NPC) today approved revisions of two former laws and passed three new laws before ending its 19th meeting.

The legislature passed amendments to the Law on Statistics and the Law on Prevention and Control of Water Pollution, and passed laws concerning lawyers, vocational education, and application of scientific and technological findings.

The revisions of the statistics law have strengthened measures to prevent exaggeration and distortion of statistics.

The revisions of the law on water pollution control stipulate extra treatment measures along river valleys polluted by waste water and better protection of urban drinking water. In addition, people who discharging waste water must pay the necessary treatment fees.

The revisions of the two laws went into effect today, and new laws in accordance with such revisions will be issued later.

The Lawyers Law makes stipulations on lawyers' qualifications, working scope, rights and duties, association and legal assistance.

The preamble to the law states that the law is aimed at making sure that lawyers do their work well, protect the legal rights and interests of litigants and safeguard the proper implementation of laws.

The law, consisting of 53 articles in eight chapters, will go into effect on January 1 next year.



The law on vocational education and the application of scientific and technological findings will go into effect on September 1 and October 1 this year, respectively.

The meeting also approved decisions on explaining the implementation of the Nationality Law of the People's Republic of China in the Hong Kong Special Administrative Region, promoting the publicization of laws, and approving the United Nations Convention on the Law of the Sea.

Qiao Shi, chairman of the NPC Standing Committee, presided over the meeting this morning.

**PRC: National People's Congress Passes Lawyers Law 15 May**

OW1505134196 Beijing XINHUA in English  
1311 GMT 15 May 96

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — China's new Law on Lawyers was approved in Beijing today and will go into effect on January 1 next year.

The 19th meeting of the Eighth National People's Congress (NPC) Standing Committee passed the law which consists of 53 articles in eight chapters. It defines the basic principles of lawyers' qualifications, working scope, organizations, legal assistance, and punishments for disobeying the new law.

The law is aimed at improving the country's legal system, ensuring lawyers to do their work well, safeguarding the interests and rights of litigants, promoting the implementation of laws, according to the general rules of the law.

Lawyers must pass a unified national exam for lawyers, or the assessment of state judicial departments, before they can obtain professional certificates.

Lawyers will be forbidden from work at two or more law offices at the same time.

The law stipulates that lawyers can set up law offices by way of cooperation or partnership, with offices and related branches formerly registered.

In addition, all lawyers must belong to local lawyers' associations.

With regard to their working scope, the law stipulates that lawyers can be employed by citizens, legal corporations and other organizations to act as legal advisors, or deal with civil, administrative and criminal lawsuits.

Lawyers violating the law and other Chinese laws will be punished, and their business certificates might be revoked if they commit a serious violation.

**PRC: Electric Power Supply, Consumption Regulations Issued**

OW1605042496 Beijing XINHUA Domestic Service  
in Chinese 1319 GMT 25 Apr 96

[FBIS Translated Text] Beijing, 25 Apr (XINHUA) — Regulations on Electric Power Supply and Consumption

**Chapter 1. General Provisions**

**Article 1.** These regulations are formulated in accordance with the PRC Law on Electric Power to strengthen the administration of electric power supply and consumption, guarantee the legitimate rights and interests of electric power suppliers and users, maintain the order of electric power supply and consumption, and supply and use electric power in a safe, economical, and rational way.

**Article 2.** Electric power supply enterprises (hereinafter called power supply enterprises), electric power users (hereinafter called users), and units and individuals related to electric power supply and consumption within the territory of the PRC must comply with these regulations.

**Article 3.** State Council electric power administrative departments are responsible for the supervision and administration of electric power supply and consumption throughout the country.

Electric power administrative departments under local people's governments at and above the county level are responsible for the supervision and administration of electric power supply and consumption within their own administrative areas.

**Article 4.** Electric mains-operating enterprises are responsible for the business of electric power supply and consumption within their own supply areas, and subject themselves to the supervision of electric power administrative departments.

**Article 5.** The state exercises the administrative principle of using electric power in a safe, economical, and planned way over the work of electric power supply and consumption.

Power supply enterprises and users should comply with relevant state provisions and take effective measures to accomplish the work of using electric power in a safe, economical, and planned way.

**Article 6.** Power supply enterprises and users should sign contracts for supplying and using electric power according to the principle of equality, voluntariness, and consensus.

**Article 7.** Electric power administrative departments should strengthen the supervision and administration of power supply and consumption, harmonize relations between suppliers and users, and ban acts which endanger the safety of power supply and consumption as well as illegal electricity consumption.

#### **Chapter 2. Power Supply Business Areas**

**Article 8.** Power supply enterprises supply electricity to users within authorized power supply business areas.

Such factors as the structure of electric mains and the rationality of power supply should be taken into consideration in dividing up power supply business areas. One power supply group can only be set up in each power supply business area.

**Article 9.** To set up or alter a power supply business area within the limits of a province, an autonomous region, or a municipality, a power supply enterprise should file an application with the electric power administrative department of the provincial, autonomous regional, or municipal people's government, which will examine the application jointly with corresponding departments concerned and, if approved, issue to the enterprise a "power supply business permit". The establishment and alteration of a power supply business area extending across provinces, autonomous regions, and municipalities will be examined by State Council electric power administrative departments and, if approved, a "power supply business permit" will be issued. A power supply business group can run its business only after applying for a business license with an administrative department for industry and commerce by producing its "power supply business license".

Electric mains-operating enterprises should help electric power administrative departments to divide up power supply business areas according to the principle of taking the structure of electric mains and the rationality of power supply into account.

The division and administrative method of power supply business areas are formulated by State Council electric power administrative departments.

**Article 10.** After combined-mains operating electric power production enterprises start operating according to agreements on combined mains, a power supply business group will act as the sole agent for distributing the electric power and volume of electricity transmitted to the mains.

**Article 11.** If the volume of electricity consumed by users exceeds the capacity of electricity supplied by the enterprises within their power supply business areas, electric power administrative departments at and above

the provincial level should assign other power supply enterprises to supply electricity to the users.

#### **Chapter 3. Power Supply Facilities**

**Article 12.** All levels of people's governments at and above the county level should take the planning of the construction and transformation of urban and rural electric mains as a part of the overall planning of urban and rural construction. All levels of electric power administrative departments should do a good job, together with relevant administrative departments in charge and electric mains-operating enterprises, in the planning of the construction and transformation of urban and rural electric mains. Power supply enterprises should accomplish the construction of power supply facilities and the work of operation and management as planned.

**Article 13.** All levels of local people's governments should make overall arrangements, in accordance with the overall planning of urban and rural construction, for the location of circuit and cable passageways for urban and rural power supply, regional electric power substations, regional power distribution substations, and business points.

Power supply enterprises can, according to relevant state provisions, erect power transmission lines, lay cables, and build public power supply facilities on the location of circuit and cable passageways, regional electric power substations, regional power distribution substations, and business points.

**Article 14.** Relevant departments under the people's governments of townships, autonomous townships, or towns, or those under local people's governments at and above the county level are responsible for the construction and maintenance of public road lamps and for the payment of electric charges. They can also entrust power supply enterprises with the work of design, construction, and maintenance and management on non-gratuitous terms.

**Article 15.** The design, construction, testing, and operation of power supply and power-receiving facilities should conform to the standards of the state or of the electric power industry.

**Article 16.** When power supply enterprises or users are building or maintaining power supply or power-receiving facilities, relevant units or individuals within the areas of work should offer help and make things convenient. If the work does damage to a building or crops, reparations or reasonable compensation should be made in accordance with the stipulations of relevant laws or executive decrees.



**Article 17.** All of the power supply facilities going into operation after completion are maintained and managed by their respective power supply units. With electric power administrative departments' approval, power supply enterprises can use, transform, or expand the power supply facilities.

The maintenance and management of shared power supply facilities are to be decided through consultation by units with property rights, which can either maintain and manage the facilities by themselves or entrust power supply enterprises with the work.

Power supply facilities going into operation after completion for the sole purpose of serving users are either maintained and managed by users themselves or by power supply enterprises entrusted with the work.

**Article 18.** If, owing to construction needs, it is necessary to move or transform an established power supply facility or to take protective measures for it, the construction unit should consult with the management unit of the power supply facility in advance; and project expenses incurred should be paid by the construction unit.

#### **Chapter 4. Electric Power Supply**

**Article 19.** The quality of power supply on the users' receiving end should conform to the standards of the state or of the electric power industry.

**Article 20.** As far as the form of power supply is concerned, electric power suppliers and users should consult with each other according to relevant state provisions and in light of such factors as the planning of electric mains, the demand for electricity, and local power supply conditions while keeping in mind the principle of safety, reliability, economization, rationality, and management convenience.

In localities where public power supply facilities are not available, power supply enterprises can ask units capable of supplying electricity to do the job there on their behalf. Units not entrusted by power supply enterprises are not allowed to supply electricity to others without authorization.

**Article 21.** If emergency power supply is needed for doing rescue and relief work, power supply enterprises must make arrangements for it as fast as they can. Project expenses and electric charges incurred should be paid by relevant departments of the local people's governments concerned from their emergency rescue and relief funds, but charges for anti-drought electricity used should be paid by users.

**Article 22.** For users with a special demand for the quality of electricity, power supply enterprises should

provide them with the degree of electric power they ask for accordingly if necessary and if feasible.

**Article 23.** Anyone who applies for a new or temporary installation or greater capacity for power consumption or who wants to change the way of power consumption or terminate it should go through the formalities at local power supply enterprises and pay due expenses according to relevant state provisions; and power supply enterprises should meet every demand if there is not a justified reason to reject it. Power supply enterprises should put up public notices on the procedure, system, and levels of charges for power consumption at their business points.

**Article 24.** Power supply enterprises should, according to the standards of the state or of the electric power industry, take part in the examination and verification of the design drawings of power-transmitting and power-receiving installations, exercise supervision over the construction process of concealed projects for power-receiving installations, and inspect the power-receiving installations after the completion of the projects; and only those proved to be up to the standard can go into operation.

**Article 25.** Power-supply enterprises should, according to relevant state provisions, classify electric charges in light of different categories and time intervals.

**Article 26.** Users should install power consumption meters. The measurement of electric power and of electricity volume consumed by users is deemed correct only when it is recorded by power consumption meters approved by measurement verification organs according to law. Power consumption meters should neither be installed in power supply facilities nor in power-receiving facilities, but in places where the property rights are neither claimed by power suppliers nor users.

Users are responsible for protecting power consumption meters installed outdoors.

**Article 27.** Power supply enterprises should calculate electric charges according to the prices set by the state and the records of power consumption meters and collect the charges from users thereupon.

Users should pay electric charges on the basis of the prices set by the state, within the prescribed deadline, and according to the prescribed form or contractual method of payment.

**Article 28.** With the exception of those stipulated elsewhere in these Regulations, power supply enterprises should supply electricity to users uninterruptedly under the circumstances which the power generating and supply system is in normal operation. If, due to some



reasons, a power outage is needed, users should be notified beforehand or public notices should be issued in line with the following requirements:

- (1) If a power outage is needed for a planned overhaul of power supply facilities, power supply enterprises should notify users or issue public notices seven days in advance;
- (2) If a power outage is needed for a temporary overhaul of power supply facilities, power supply enterprises should notify essential users 24 hours in advance;
- (3) If a power outage or limited power supply is needed because of a breakdown in the power-generating and supply system, power supply enterprises should do so according to the sequence of locations fixed beforehand. Power supply enterprises should resume power supply once the causes of the power outage or limited power supply have been eliminated.

#### Chapter 5. Power Consumption

**Article 29.** Electric power administrative departments at and above the county level should accomplish the work of planned power consumption in line with the state's industrial policy and according to the principle of making an overall plan while taking all factors into account, ensuring key points, and supplying electricity on a priority basis.

Power supply enterprises and users should formulate power-saving plans and popularize and adopt new power-saving techniques, materials, technology, and equipment to lower power consumption.

Power supply enterprises and users should adopt advanced techniques and take scientific management measures to supply and consume electricity safely to avoid accidents and to maintain public safety.

**Article 30.** Users can never commit the following acts which endanger the safety of power supply and consumption and disrupt the normal order of power supply and consumption:

- (1) Altering the categories of power consumed without authorization;
- (2) Consuming power beyond the contractual volume without authorization;
- (3) Consuming power beyond the planned quotas assigned without authorization;
- (4) Using, without authorization, electric power installations which power supply enterprises have gone through the formalities for their suspension; or using, without authorization, electric power installations which have been closed down by power supply enterprises;

(5) Moving, altering, or operating, without authorization, power supply enterprises' power consumption meters, electricity charge control devices, or power supply facilities, or users' power-receiving installations which are supposed to be under power supply enterprises' control;

(6) Connecting with power sources or combining their own power sources with other mains without power supply enterprises' authorization.

**Article 31.** The following acts of stealing electric power are strictly forbidden:

- (1) Using electricity by wiring, without authorization, power supply facilities of power supply enterprises;
- (2) Using electricity by coiling wires outside of power supply enterprises' power consumption meters;
- (3) Using electricity by forging or opening the seal on power consumption meters affixed by a legal or authorized meter certified agency;
- (4) Deliberately damaging power consumption meters of power supply enterprises;
- (5) Deliberately causing inaccurate or invalid meter readings on power consumption meters of power supply enterprises; and
- (6) Stealing electricity by other means.

#### Chapter 6. Contracts of Power Supply and Consumption

**Article 32.** Power supply enterprises and users should sign contract of power supply and consumption before the start of power supply in accordance with users' needs and power supply enterprises' power supply capability.

**Article 33.** Contracts of power supply and consumption should contain the following provisions:

- (1) The method, quality, and time of power supply;
- (2) The capacity, location, and nature of power consumption;
- (3) The methods of measuring and settling the price and fee of electricity;
- (4) Division of responsibilities in the maintenance of power supply facilities;
- (5) The period of contracts;
- (6) Liabilities of violating contracts; and
- (7) Other provisions that both sides should agree upon.

**Article 34.** Power supply enterprises should ensure reasonable scheduling and safe supply of electricity according to the volume, quality, time, and method agreed upon in contracts.

Users should use electricity according to the amount and terms of contracts, and pay electricity charges and other fees prescribed by the state.

**Article 35.** Alteration or cancellation of power supply and consumption contracts should be handled according to the relevant laws and administrative rules and these regulations.

#### **Chapter 7. Supervision and Management**

**Article 36.** Electric power administrative departments should strengthen the supervision and management of power supply and consumption. Power supply and consumption supervisors and inspectors should have appropriate qualifications and should show the certificate of identity when performing official duties.

Specific measures for supervising and inspecting power supply and consumption shall be drawn up separately by the State Council's electric power administrative department.

**Article 37.** Electricians operating on users' power receiving and transmission installations must pass the evaluation by the electric power administrative department and obtain the "electrician's license for network operations" before they can take up their posts.

Units contracting to install, repair, or test power supply and receiving facilities must be reviewed by the electric power administrative department and obtain the "license for contracting to install (repair) electric power facilities" before they can apply for a business licence from the administration for industry and commerce.

#### **Chapter 8. Legal Responsibilities**

**Article 38.** Whoever commits one of the following acts in violation of these regulations shall be instructed by the electric power administrative department to make correction, be confiscated of illegal gains, and be fined less than five times of the illegal gains:

- (1) Supplying electric power without obtaining the "power supply business license" in accordance with the regulations;
- (2) Entering or crossing into power supply business zones without authorization; and
- (3) Supplying electric power supply to other zones without authorization.

**Article 39.** Whoever fails to pay electric charges on time in violation of the provisions in Article 27 shall have to

pay to the power supply enterprise an additional penalty fee at a rate from one to three per 1,000 of the daily electric fee for each of the overdue days, and the specific rate shall be stipulated in power supply and consumption contracts. Whoever is 30 days behind the payment of electric charges despite repeated notifications shall have the power supply suspended by power supply enterprises in accordance with the procedures prescribed by the state.

**Article 40.** Whoever violates the regulations and commits an act of consuming electricity listed in Article 30 may have to pay to the power supply enterprise a penalty charge for the consequences caused by the violation, as well as an additional electricity fee and other government-authorized expenses, pursuant to the regulations of the State Council's electric power administrative department. In the event of a serious case, power supply shall be suspended according to the procedures prescribed by the state.

**Article 41.** Whoever violates the regulations and commits an act of stealing electric power listed in Article 31 shall be ordered by the electric power administrative department to stop the illegal act, be demanded to pay the electric charge, and fined for less than five times of the electric charge. Wherever a crime is committed, the offender shall be affixed with criminal responsibility.

**Article 42.** When a power supply enterprise or user violates the power supply contract and causes damage to the other party, it shall by law be held liable for compensation.

**Article 43.** When a power supply enterprise causes damage to users or third parties because of its operational accidents, it shall by law be held liable for compensation.

When mistakes of a user or third party cause damage to power supply enterprises or other users, the user or third party shall by law be held liable for compensation.

**Article 44.** When a power supply enterprise employee violates laws and regulations and causes damage to power supply, or abuses his position to seek personal gains, the employee shall be given disciplinary sanction; where a crime is committed, the employee shall be affixed with criminal responsibilities.

#### **Chapter 9. Appendix**

**Article 45.** These regulations enter into force on 1 September 1996.



**PRC: New System Designed To Supervise Leading Officials***HK1605081596 Hong Kong MING PAO in Chinese  
9 May 96 p A8*

[Report by special correspondent Shih Hui-chien (0670 1979 0494): "Central Commission for Discipline Inspection Institutes New System To Supervise 2,000 Officials at Provincial, Ministerial Levels"]

**(PTS Translated Text for FBIS) Provincial and Municipal Commissions for Discipline Inspection Directly Report to Beijing**

A source confirmed that this year the Central Commission for Discipline Inspection [CCDI] will institute a system to manage, examine, and supervise nearly 2,000 officials at the provincial and ministerial levels (including Lu Ping, director of the Hong Kong and Macao Affairs Office, and Zhou Nan, director of the Hong Kong branch of the XINHUA News Agency). Under the new system, major issues of concern to certain officials, such as sending their children abroad and marrying foreigners, should be reported; all officials are subject to examination during their five-year term of office; and commissions for discipline inspection in all provinces and municipalities have the right to directly report to the hierarchy on local officials, and no one has the right to stop them.

**Central Authorities Should Be Immediately Informed of Cases Involving Provincial Officials**

A senior Chinese official admitted that very often supervision over officials is passive. He added: At present, supervisory organs have no authority. Take Chen Xitong's case for example. The Beijing Municipal Commission for Discipline Inspection does not have the authority to handle it, while the CCDI which has the authority does not understand the situation. How much does the CCDI, which is responsible for supervising 2,000 officials at the provincial level, know about the case? Not until receiving a report did the CCDI know about the offender and send officials to investigate. Without the letter, it would have known nothing about the situation.

To actively strengthen examination of and supervision over senior officials, the CCDI is prepared to adopt two concrete measures. One, the CCDI will regularly organize some special commissioners to inspect various localities and report back to the central authorities. These officials do not handle cases but conduct inspection in all localities. Two, the CCDI will authorize all local commissions for discipline inspection to directly report to the central authorities if they discover any problems with local officials, and no one has the right to stop them

from doing so. If a provincial commission for discipline inspection receives a reporting letter involving leading cadres, regardless of its seriousness, it must make one copy of it for the CCDI even if it may be a false charge, and no one has the authority to withhold it.

**Children Engaging in Trade and Going Abroad Should Be Reported**

Meanwhile, officials from the CCDI also stressed the need to ideologically educate senior officials. If officials who have problems make confessions at regular meetings, they will generally be handled leniently. If not, they will receive stiffer punishment.

In recent years, the corruption problem of senior Chinese officials has raised great concern from the media at home and abroad. In addition, it involves the people's confidence in the authorities' ability to successfully fight corruption and even affects the credibility of the "Jiang core." The CCDI has taken it as this year's major target and is striving to significantly improve the situation.

A source said: Last year the CCDI required that officials should declare their personal income and report entertainment expenses at the meetings of worker representatives and staff members. On this basis, this year the commission proposed setting up a system to report major issues of leading officials, such as the location of their business if their children engage in trade; and how their children go abroad because some arbitrarily leave the country while others marry foreigners. The system requires that senior officials report these cases to their organizations.

In light of the actual situation in China, however, no matter how well the system is instituted, it will remain a mere scrap of paper because of ineffective management and supervision. It is understood that China obviously intends to strengthen supervision through inspection organs and actively gain an understanding and conduct an inspection of senior officials. Its concrete measure is to subject officials to examination during their term of office rather than adopting the traditional practice of examining cadres after the completion of their five-year term of office.

**PRC: Study of Cultural Implications of Modernization Urged***HK1505082496 Beijing CHINA DAILY in English  
15 May 96 p 4*

[By Wu Wujin: "Cultural Concepts To Be Examined"]

[PTS Transcribed Text for FBIS] China will have to choose between three schools of cultural concepts

influencing the country: the traditional, the post-modern and the pro-modernization.

China should choose modernization, though the other two schools of thought might have some strong points.

And to realize modernization, China must thoroughly examine all its cultural connotations.

People might have different interpretations of the concept of culture, but according to common understanding, it includes three levels: the material, system, and conception.

Chinese people have been promoting modernization for generations, but few have come to the complete grasp of its cultural connotations. Mostly they have only stressed one aspect and hence have failed.

In the later half of the 19th century, a group of people headed by Li Hongzhang (1823-1901) launched China's Westernization movement. They focused mainly on the material level of modernization: equipment.

The rout of the Chinese navy in the 1894-95 Sino-Japanese War demonstrated the shallowness of the society's understanding of modernization.

The modernization efforts later launched by Kang Youwei (1858- 1924), Liang Qichao (1873-1929), and Sun Yat-sen (1866-1925) focused on institutional reform. They did not succeed either.

The corruption-riddled election for parliament members and the gruelling wars launched by the warlords demonstrated the inadequacy of focusing mainly on system reform.

The New Culture Movement around 1919 gave special attention to the reform of conceptions.

Apparently, the Chinese people had been deepening their understanding of cultural connotations of modernization. However, due to outside interference, they did not have the chance to analyze and reflect on this process thoroughly. And again since the 1970s, the Chinese people's perceptions of the cultural connotations of modernization have undergone a similar process.

Modernization at first stayed on the material level. It meant modernization of industry, agriculture, national defence, science and technology.

With the establishment of the reform and opening-up policy, more people came to realize that to modernize China, reform of systems, particularly the economic system, was inevitable. Also, with the introduction of market mechanisms, more people came to recognize the importance of legislation and the legislature.

At this stage, their understanding of modernization reached the level of the system.

### Concepts Of Value

More recently, they have come to the conclusion that the modernization of human concepts, especially concepts of value, is the most important feature of modernization.

Besides fully understanding the cultural connotations of modernization, Chinese people must acknowledge and dispel four complexes that have been troubling them.

First, they agree that to modernize China, they have to learn from industrialized countries in the West — to borrow and digest their cultural heritage, advanced technologies and management.

But at the same time, they remember that it is these countries that plundered China and stalled its development since the Opium War (1840-42). To pursue modernization, they had to fight these intruders for independence.

### Contradiction

For more than a century, the Chinese people have been perplexed by this contradiction. As a result, their opinion towards the West has vibrated between two extremes: the isolationist, who wanted to exclude everything Western, and the "xenophile," who wanted to copy everything Western.

In 1949, China drove out aggressors and gained independence. But the ghost of this contradiction still haunts many, as is clear from recent history, starting in the late 1970s.

Second, they know that China must introduce a market economy so as to modernize itself; but on the other hand, under the influence of traditional egalitarianism, they fear that the development of a market economy could lead to the polarization of property.

This situation came to an end with the start of the reform and opening-up policy, when the government decided to uphold social justice on the basis of a market economy.

Third, modernization must include the enlightenment of cultural concepts. One of the key tasks of the enlightenment is to clarify the rights and responsibilities of individuals; however, the nation's early modernization efforts were made against the backdrop of the struggle for national salvation, which stressed discipline and respect for the collective.

This theme was reiterated for a long time since the founding of the People's Republic of China, when a planned economy prevailed.



The importance of elucidating the significance of individual rights and responsibilities has become more acutely felt in the transition from a planned economy to a market economy.

The relationship between individuals and the institution should be handled with full respect for individuals' legitimate rights.

Fourth, after numerous setbacks, the idea of pursuing modernization became a mainstream thought in the late 1970s; meanwhile in the West there has evolved a school of post-modernization thought, which is critical of the modernization-oriented value system.

Under the impact of these theorists, some Chinese intellectuals doubt the value orientation of modernization.

#### Complexes

These four complexes have been playing a negative role in the country's modernization drive. Even the reform and opening up policy has not fully enabled the Chinese people to resolve and get past these complexes. Many people are still baffled, not knowing whether to conduct modernization and what kind of modernization they should choose.

With an overall review of the history of this country in the past century, it should be clear that only when we firmly stick to modernization — in its full sense — can we proceed with confidence in a time replete with confusing cultural conflicts and phenomena.

#### PRC: CPC Members To Study Theory, Party Constitution

OW1505141096 Beijing RENMIN RIBAO in Chinese  
20 Apr 96 p 1

[Commentator's article: "Launch in a Deepgoing Way the Activity of Party Members Studying Theory and the Party Constitution"]

[PTS Translated Text for FBIS] The Fourth Plenary Session of the 14th CPC Central Committee has decided to spend three years' time launching, in a planned and systematic way, an activity to study the theory of building socialism with Chinese characteristics and the party constitution among all party members. At present, the "double study" activity has gradually been launched on a nationwide scale and has yielded some results. Where the leaders attach importance to the activity and grasp it firmly and solidly, the results are more remarkable. Making further efforts to promote the study activity in a deepgoing way so as to improve party members' quality and strengthen their party spirit is a task confronting party committees at all levels which brooks no delay.

China's socialist modernization drive is entering a new period of historical development. To realize the Ninth Five-Year Plan and the long-term targets for the year 2010, it is necessary for the whole party and the people of the whole country to make concerted efforts and it is necessary to arm the whole party and educate the people with the theory of building socialism with Chinese characteristics. The launching of the party-member study activity is a practical step to arm the whole party with the theory of building socialism with Chinese characteristics. With a membership of 57 million, this contingent of our party is good as a whole. Most party members can play an exemplary vanguard role. But it should be noted soberly that there are quite a few problems within our party. The quality of some party members is not high and they do not have a strong party spirit. Although some have joined the party organizationally, they have not really joined it ideologically. Some do not understand party rules or have a firm ideal or faith and they have a blunted idea about the purpose of serving the people. Some party cadres abuse their power, taking advantage of their positions to seek personal gain, even practicing graft and bribe-taking, and becoming degenerated.... These amply show the task of strengthening the ideological and political building among party members is still quite arduous and it urgently requires that we unswervingly use the theory of building socialism with Chinese characteristics to arm party members and use the party constitution to standardize their words and deeds. Therefore, conscientiously launching the party-member study activity with improvement of quality and strengthening of party spirit as a goal is a major measure for further improving the theoretical level of the whole party, raising the consciousness and staunchness of implementing the party's basic line, and increasing the cohesion, appeal, and combat effectiveness of party organizations. It is the urgent need of organizing and mobilizing all party comrades to contribute to the realization of the magnificent objective.

To do a good job in the "double study" activity for party members, it is necessary to set different demands and adopt different methods in light of the specific conditions of party members at different levels and in different trades and professions so that the studies can have a clearer objective and yield better results. We should enable the vast numbers of party members to comprehensively and accurately grasp, through studies, the basic standpoints of the theory of building socialism with Chinese characteristics and, in particular, make clear such basic issues as what is socialism and how to build socialism, grasp the party constitution's basic requirements on party members, and consciously standardize their words and deeds with the party constitution.

To do a good job in the "double study" activity for party members, it is necessary to link it with the current situation and tasks and with the ideological and work realities of party members and educate party members in the need to foster a communist ideal, strengthen their resolve to take the road of building socialism with Chinese characteristics, raise their consciousness to uphold the party's basic theory and basic line, and implement all party policies in an exemplary manner; adhere to the purpose of wholehearted service to the people, forge closer ties with the masses, be clean and honest in performing their official duties, observe discipline and laws, and consciously resist the corrosive influence of money worship, individualism, and decadent ways of life; and conscientiously fulfill one's duties in line with the provisions of the party constitution, correctly exercise one's rights, and make contributions in reform, opening up, and socialist modernization drive. On the basis of thoroughly studying theory and the party constitution, all localities should organize party members in measuring themselves against the spirit of rectification, using the party constitution as a mirror, conscientiously conduct criticism and self-criticism, and effectively solve glaring problems. To judge whether a unit has launched the study activity satisfactorily, it is of primary importance to see whether it has combined theory with practice and solved the glaring problems among party members in the unit. As proven by the experience gained in some localities, those that pay attention to resolving problems attain marked results in their studies and receive favorable responses inside and outside the party; conversely, the results of the studies are poor and the masses are dissatisfied. All localities should pay attention to summing up and applying the experience in this respect, grasp the glaring problems on which the masses have the greatest complaints, and resolve them conscientiously.

Party committees at all levels should effectively strengthen leadership over the party-member study activity and make further efforts to establish, improve, and implement the responsibility system for leading cadres at all levels to grasp the party-member study activity. The awareness that party committee secretaries are people holding primary responsibility in doing a good job in the party-member study activity should be strengthened. A party committee secretary neglects his duty if he fails to grasp party building and he is not qualified for his post if he fails to grasp it well. Leaders at all levels should frequently supervise and inspect developments in the party-member study activity and adopt effective measures to solve well all existing problems one by one. In localities where the leaders fail to exercise effective leadership and where the study activity cannot be launched or deepened satisfactorily,

in particular, it is necessary to help them to grasp the study activity firmly and satisfactorily.

#### PRC: Youth Attend Forum on Studying Deng Xiaoping Theory

OW1605004096 Beijing XINHUA Domestic Service in Chinese 1025 GMT 10 May 96

[FBIS Translated Text] Beijing, 10 May (XINHUA) — Recently, to sum up and exchange the experiences gained by youths in studying Deng Xiaoping theory of building socialism with Chinese characteristics and to further expedite widespread and far-reaching activities of studying the theory among youths, the CPC Central Committee's Propaganda Department, the State Education Commission, and the Communist Youth League [CYL] Central Committee jointly sponsored a work forum in Beijing for youths to study Deng Xiaoping theory of building socialism with Chinese characteristics.

In his speech, Liu Yunshan, deputy director of the CPC Central Committee's Propaganda Department, pointed out: Arming youths with Deng Xiaoping theory is an important long-range program for us to train and bring up tens of millions of builders and successors of the socialist cause. It will provide a fundamental guarantee for us to score a victory in the future and unswervingly adhere to the party's basic line for a hundred years. Adolescence is the most important period for youths to shape their world outlook. It is necessary for youths to place the attainment of correct world outlook, outlook on life, and concept of value top on the agenda in their study of Deng Xiaoping theory.

Representatives participating in the meeting believed a good momentum had appeared for youths to study Deng Xiaoping theory. At present, we face an extremely good opportunity for us to study the theory. On several occasions, Comrade Jiang Zemin emphasized that leading cadres must stress politics, study, and healthy trends. The Sixth Plenary Session of the 14th CPC Central Committee with the building of socialist spiritual civilization and mainly the building of ideology, moral ethics, and culture as its focal topic will be held within this year. It creates a very good condition for us to conduct the work of arming youths with scientific theories. We must have a clear understanding of the situation, seize the opportunity, step up efforts, and promote the work of arming youths with scientific theories to a new level.

Liu Yunshan said: If we want to guide youths to intensify theory study, we must conduct the work in the light of actual conditions and grasp the essentials. We must be thoroughly and correctly familiar with the scientific system of Deng Xiaoping theory; have a



correct understanding of the essence of its guidelines; spend time and efforts on helping youths attain correct world outlook, outlook on life, and concept of value by closely integrating our work with the actual conditions of what is on their minds; and earnestly study and comprehend the party's basic line, basic principles, and important policies by closely integrating study with the actual conditions of our work. We must help the vast numbers of youths seek unity of thinking through study, foster a spiritual prop, and act in unison and strive after a common goal so that they may commit themselves with a high morale to the undertaking of building socialism with Chinese characteristics.

Liu Yunshan said: When we ask youths to study the theory and conduct education among them, we must proceed from the realities that they are pursuing different vocations at different levels and in different areas; provide different guidances for them in the light of their respective vocations, levels, and areas; stress the main points; conduct study and education, step by step; persist in adopting various flexible educational methods, such as explaining the profound in simple terms and conducting education in a new and lively manner, so that youths may be glad to hear what they are taught and find their lessons attractive and inspirational; attach great importance to the characteristics of youths' personality and psychology; encourage them to participate in study and education of their own free will; arouse their enthusiasm, consciousness, and initiative for study to the maximum extent so that "I am asked to study" may be changed to "I want to study"; and continuously improve the style of study, step up efforts to aim education at certain objects, prevent formalism, and keep in mind the hot spots and major issues which youths follow interest as well as their doubts and difficulties when providing correct guidance and solution for them in a bid to produce practical results.

Liu Yunshan said: Party committees' strengthening their leadership is the key to successfully conducting theory study among youths. We must attach importance to training and educating youths from the high plane of stressing politics; pay attention to drawing up good plans, establishing mechanisms, and popularizing typical cases; and fulfill the arduous but glorious task of arming the vast numbers of youths with scientific theories through unremitting efforts.

Liu Peng, executive secretary of the CYL Central Committee; Jiang Daming, secretary of the Secretariat of the CYL Central Committee; and Zhu Xinjun, member of the leading party group of the State Education Commission attended the forum and spoke. Liu Peng said: Strengthening education in Deng Xiaoping theory among youths is a fundamental measure for improving

their overall quality and an important aspect of intensifying and expanding the entire work to arm youths with theories. We must pay attention to successfully conducting the work. Jiang Daming said all CYL members must continuously improve their understanding of the role played by Deng Xiaoping theory in guiding both the work of the CYL and the growing up of youths, and further enhance their consciousness of the study. He called on all universities and colleges belonging to the CYL [tuan shu yuan xiao 0957 1466 7108 2699] to carry out the work of listing Deng Xiaoping theory as the most important required courses as soon as possible, and compile a unified teaching material and a number of books for popular consumption which use Deng Xiaoping theory to guide youths in solving their ideological problems.

Zhu Xinjun said: It is necessary to further successfully implement the task of making Deng Xiaoping theory enter into classrooms, teaching material, and the brains of students, and continue to intensify "two-lecture" educational reform with Deng Xiaoping theory as the central content at institutions of higher learning. Colleges of liberal arts and sciences as well as colleges for professional training of liberal arts and sciences must also vigorously explore how to conduct education in Deng Xiaoping theory during professional classes, improve the training of a contingent of teachers, and pay attention to successfully conducting various forms of extracurricular theory study among young students.

Representatives from propaganda departments of party committees, education work committees [jiao gong wei 2403 1562 1201], CYL committees, and grass-roots units of some provinces and municipalities participated in the forum.

#### **PRC: Authorities Ban Special Articles on Cultural Revolution**

*HK1605083696 Hong Kong SOUTH CHINA MORNING POST in English 16 May 96 p 10*

[By Vivien Pik-Kwan Chan]

[PTS Transcribed Text for FBIS] Authorities have stopped several magazines publishing special issues marking the 30th anniversary of the start of the Cultural Revolution.

The magazines, which had planned articles and seminars to re-examine the Cultural Revolution (1966-1976), were advised to shelve them, cadres in media circles said.

"Major periodicals that are affected included *Dong Fang* and *Xian Dai Yu Chuan Tong*, which is sponsored by a foundation set up by Hong Kong businessman Henry

Fok," officials said. Other public activities organized by universities and culture units have all been cancelled.

Some periodicals tried to get the message through by publishing a few related articles several months ago to avoid the sensitive date.

"A major literary magazine, Shou Huo in Shanghai, published a few articles, but not in the form of a Cultural Revolution special," sources said.

Authorities feared that in depth discussion of the Cultural Revolution could hurt the party's image, rake up old grievances and threaten social stability.

An article published late last year in Du Shu magazine had encouraged people to be aware of self-existence instead of selfless-existence.

The article by Liu Junning, a young scholar at the Chinese Academy of Social Science, said if one forgot the self, one could be manipulated by other people, and he quoted the example of the Cultural Revolution.

The article was attacked by a leftist magazine, Zhong Liu, which said it was blind acceptance of Western thought.

#### PRC: Propaganda Department Bans Cultural Revolution Articles

HK1505072896 Hong Kong SING TAO JIH PAO in Chinese 15 May 96 p A5

[Report: "Central Propaganda Department Orders Media To Halt Plan: To Explore the Cultural Revolution"]

[PTS Translated Text for FBIS] In view of the plans of Beijing's ZHONGGUO QINGNIAN YANJIU [CHINA YOUTH STUDY] monthly, DONGFANG [EASTERN] bimonthly, and other media to issue articles as the 30th anniversary of the Cultural Revolution is approaching to review the political movement, which lasted 20 years and which caused tremendous losses to China's culture, economy, and livelihood, China's department in charge of ideology—the Central Propaganda Department—issued an urgent circular a few days ago, asking these magazines to halt their original plans so as to prevent any accidental event from taking place during the politically sensitive period from April to June because of ideological confusion arising therefrom.

This year marks the 30th anniversary of the "Great Proletarian Cultural Revolution" (hereinafter referred to as the "Cultural Revolution"). Out of political considerations, the Central Propaganda Department issued a circular in the middle of last year, ordering newspapers, television, and other media not to issue or broadcast articles or photographs on the Cultural Revolution without authorization. Literature and art, which included novels,

films, and reportage, also fell within the scope of the restriction.

Despite this, the periodicals engaged in ideological and cultural research were not willing to give up this rare golden opportunity. Commencing in January this year, Beijing's ZHONGGUO QINGNIAN YANJIU and QINGNIAN BAKAN SHUIE [YOUTH PERIODICAL WORLD] have carried discussions in three successive issues focused on the Red Guard movement during the Cultural Revolution. Meanwhile, NANFANG ZHOUMO [NANFANG WEEKEND], a supplement to Guangzhou's NANFANG RIBAO, used the experience of important political figures during the Cultural Revolution to review part of the bitter history of 20 years ago.

As the date marking the 30th anniversary of the "16 May circular," a symbol of the beginning of the Cultural Revolution, is approaching, Beijing's DONGFANG, a cultural bimonthly magazine, plans to issue a number of essays exploring from various angles the causes of the Cultural Revolution, the irrational behavior during the Cultural Revolution, and the immense impact on the Chinese community. Other magazines also have similar plans. Regarding this, the Central Propaganda Department, which is responsible for ideology, issued an urgent circular a few days ago, ordering these magazines to immediately suspend their plans. Even if the printing jobs are complete, the magazines are not to be circulated.

When explaining the ban, the circular said that it would be inappropriate to issue large numbers of lengthy articles on the Cultural Revolution at the same time. These articles do not conform to the spirit of the appraisal of the Cultural Revolution made in the "Resolution on a Number of Historical Problems Since the PRC's Founding" adopted by the Sixth Plenary Session of the 11th CPC Central Committee in June 1981.

A Beijing analyst pointed out that top levels of the CPC are afraid of reports on the Cultural Revolution because April to June every year is China's politically sensitive period. As large numbers of people participated in the Cultural Revolution, also known as a "mass movement," if the reports on this are played up, it will inevitably be disadvantageous to stability during the "sensitive period." Viewed from a deeper level, if there is no line of defense on discussions of the Cultural Revolution, it is likely to trigger controversy over the legality of the CPC's ruling position, with the consequence of ideology and public opinion again getting out of control.



**PRC: Beijing Warns Against Xinjiang Separatists**  
*OW1605103296 Hong Kong AFP in English*  
*0947 GMT 16 May 96*

[FBIS Transcribed Text] Beijing, May 16 (AFP) — Separatism poses the greatest threat to the stability of Xinjiang, said the highest-ranking official of this vast Moslem region controlled with an iron fist by China.

"We must be aware that Uygur nationalism and illegal religious activities pose the greatest dangers to the stability of Xinjiang," Wang Lequan, the region's Communist Party secretary, was quoted in a XINJIANG DAILY report reaching Beijing Thursday [16 May].

"We must heed the instructions of the (Communist Party's) central committee in the fight against separatism," said Wang, speaking at the 45th anniversary of the founding of the Xinjiang People's Political Consultative Conference.

"We must strengthen the unity between nationalities of Xinjiang, defend the motherland and preserve stability," he added. "To do this, we must attack and isolate the minority of separatists and criminals," he said, calling on conference members to show a "high degree of political responsibility" and to unite behind the party.

The speech was given after Xinjiang authorities arrested 1,700 suspected terrorists, separatists and criminals between April 25 and 30 in this Central Asian region populated by an Uygur majority.

In an editorial last week, the XINJIANG DAILY warned that a "tiny minority of ethnic (Moslem) splittists" were working against the government in disrupting social order.

Xinjiang — the name translates as new frontier — is predominantly Moslem and borders five Moslem states, including three in central Asia that gained their independence after the collapse of the Soviet Union.

In the past, sporadic uprisings against Beijing have been routinely silenced, except for a short period from 1944 to 1950, during the Chinese civil war, when the state of East Turkestan emerged in Xinjiang.

But the separatist movement has regained strength since the fall of the Soviet Union.

Last month, China signed a treaty with Russia, Tajikistan, Kazakhstan and Kyrgyzstan to demilitarize their mutual border. According to diplomats in Beijing, the deal was also aimed at encouraging China's neighbours to help crack down on Moslem separatists operating in exile.

**PRC: Crime, Punishment in PRC for 16 Apr-15 May**

*HK1605061296*

[PTS Report for FBIS] The following is a compilation of reports on crime, investigations, trials, sentencings, and other judicial-related activities in the PRC monitored by the Publications Translation Section of the U.S. Consulate General in Hong Kong during the period 16 April to 15 May. Certain reports deemed more significant may have been filed separately, in which case the summary will include the serial number of the separately filed item.

As shown by the stories listed below, during this period PRC crime reportage focused on no one particular topic.

#### **International**

##### **Burmese Drug Traffickers Arrested**

Recently, the public security departments in Guangdong and Yunnan's Dehong Autonomous Prefecture jointly cracked a transnational drug-smuggling ring. They arrested five drug- traffickers, including three Burmese, and seized 82.8 kg of heroin and more than 400,000 yuan in drug money. [Hong Kong TA KUNG PAO in Chinese 14 May p A2]

#### **National**

##### **Guangdong, Guangxi Cooperate in Arrest of Highwaymen**

In a concerted swoop on the early morning of 9 May, more than 300 public security personnel, armed policemen, and militiamen from Guangxi's Bobai County and Guangdong's Lianjiang City smashed a criminal gang. They arrested 10 highwaymen, including an escaped criminal on the wanted list, and seized a quantity of stolen goods and tools with which the criminals committed crimes. The gang terrorized drivers and local people in the border area between Guangdong and Guangxi by intercepting and robbing passenger cars passing along the highway. On 7 January this year, a passenger car with 27 passengers was robbed by Xu Xiancong and five other gun-toting ruffians. Yang Xuming, a 52-year-old passenger from Donglan County, was shot and killed by a ruffian in cold blood simply because he only had 50 yuan in cash. [Hong Kong MING PAO in Chinese 13 May 96 p A6]

##### **Supreme Court Approves Execution of Guangdong, Fujian Gun Runners**

With the approval of the Supreme People's Court, Yang Yaliu, Cheng Shaorong, Wu Wenxin, and Yan Jingxin

— the four prime culprits in two major cases of gun-running in Guangdong and Fujian — were executed on 13 May. Other defendants involved in these two cases were given death sentences with a reprieve, life sentences, or set terms of imprisonment. [Hong Kong TA KUNG PAO in Chinese 14 May 96 p A2]

#### **Provincial**

##### **Fujian**

#### **Crackdown Nets Large Number of Criminals**

Over the past few days, public security personnel in various parts of Fujian Province have concentrated forces to crack down on serious criminal offenders and evil forces. A number of criminal gangs guilty of every conceivable atrocity has been smashed, with a large number of criminal offenders arrested, and a number of major criminal cases have been solved. On the evening of 24 April, policemen under the Nanping City Public Security Bureau intercepted a Fuzhou-bound sedan coming from Jiangxi's Shangrao. They found five rifles and five military daggers on the car, and arrested two criminals. [Beijing RENMIN RIBAO in Chinese 13 May 96 p 3]

##### **Guangdong**

#### **Zhongshan Rally Sentences 11 Criminals to Death**

The Zhongshan City Intermediate People's Court held a sentence-pronouncing meeting on 25 April to pass sentence on 39 people charged with robbery and theft. Of the 11 people sentenced to death, 10 committed their crimes in Zhongshan after fleeing Sichuan, Hunan, and Guangxi. [Hong Kong WEN WEI PO in Chinese 26 Apr 96 p A4]

#### **Murderous Bank Robber Sentenced to Death in Zhongshan**

Guangdong's Zhongshan City Intermediate People's Court today sentenced Liao Yongxiong to death for killing three bank employees and robbing a bank of 144,332 yuan on 12 April 1996. He also was deprived of his political rights for life. [Hong Kong WEN WEI PO in Chinese 26 Apr 96 p A4]

#### **Four Arrested for Robbing, Intimidating Chinese-American Woman**

On the morning of 10 April, Ms. Lo, a Chinese-American woman residing in Dongguan, was waylaid by four robbers as she was returning home. They took her into the house and robbed her of valuables worth 200,000 yuan. They also forced her to undress and took photos of her in an attempt to intimidate her into

not reporting the crime to the police. After receiving her report, a public security sub-bureau in Dongguan immediately conducted an investigation. On 5 May, they succeeded in arresting the four criminals and recovering most of the stolen money and goods. [Hong Kong MING PAO in Chinese 13 May 96 p A6]

#### **8,500 Cases Solved Since Mid-April**

According to Chen Shaobo, director of Guangdong's "Strike Hard" Office, over the past 10 days or so, Guangdong has cracked 8,532 criminal cases, of which 4,914 are major ones. They include 81 cases of homicide, more than 1,400 cases of robbery, and 38 cases of kidnapping. It has rounded up 8,750 criminals of all kinds, including 421 fugitives, and seized 29 military rifles, more than 3,000 bullets, and over 2,000 kg of explosives. It also has cracked 2,144 drug-abuse cases, 1,271 prostitution cases, and 2,911 gambling cases, and has seized 825 kg of heroin. [Hong Kong WEN WEI PO 7 May 96 p A3]

#### **Dongguan Breaks Up Human-Smuggling Ring**

Guangdong's Dongguan City Public Security Bureau smashed an international human cargo smuggling ring on 12 May, arresting 81 people, including five ring leaders and 76 people who tried to sneak out of the country. Most of them reportedly come from Zhejiang Province, each paying the smuggling ring 130,000 yuan. They planned to sneak into Hong Kong first, and then into France with false documents. It is believed that the ring started using this method to smuggle people out of the country early this year. So far, it has succeeded in bringing 200 people out of the country. [Hong Kong SING TAO JIH PAO in Chinese 13 May 96 p A2]

#### **Sixteen Criminals Sentenced to Death in Shantou**

The law-enforcement organs in Shantou City held a sentence-pronouncing meeting on 13 May to pass final judgment on 10 cases involving 39 people. Sixteen people — including Shi Lesheng, Huang Yantao, Xi-ang Changhua, and Zhang Xiaohui — were sentenced to death and deprived of political rights for life on charges of deliberate homicide, arson, and theft. Another four were sentenced to death with a reprieve or given life sentences. The rest were given set terms of imprisonment. [Hong Kong TA KUNG PAO in Chinese 14 May 96 p A2]

##### **Xinjiang**

#### **Public Security Minister Commends Smashing of Criminal Gang**

On 3 May, Public Security Minister Tao Siju signed a citation to commend Xinjiang's public security person-



nel and armed policemen who, under the correct leadership of the local party committees and governments and with close coordination of the masses of various nationalities, succeeded in smashing a violent criminal gang that had continuously committed major murder cases. They arrested the gang members and seized a quantity of firearms and ammunition. Since the start of the campaign to crack down on serious crimes, Xinjiang has smashed a number of criminal gangs. [Beijing RENMIN RIBAO in Chinese 13 May 96 p 3]

#### Yunnan

##### Kunming Conducts Counternarcotics Campaign

Over the past few days, in light of the increasingly serious problem of drug-related crime, Kunming has conducted a mopping-up operation against a number of underground drug-trafficking markets, cracking a number of drug-trafficking cases and seizing some heroin. When calling on public security personnel the other day, Gao Yan, secretary of the Yunnan Provincial CPC Committee, affirmed their achievements and encouraged them to redouble their efforts so that the campaign to crack down hard on serious crime can yield quick results and attain its objectives. [Beijing RENMIN RIBAO in Chinese 13 May 96 p 3]

#### Military & Public Security

##### PRC: Editorial on Implementing Jiang's 5 Requirements

HK1605090196 Beijing JIEFANGJUN BAO  
in Chinese 7 May 96 p 1

[Editorial: "Enhance Implementation of the 'Five-Sentence' General Requirements to a New Level"]

[PTS Translated Text for FBIS] Five years ago, Jiang Zemin, chairman of the Central Military Commission, put forward general requirements for army building of "being qualified politically, being competent militarily, having a fine work style, maintaining strict discipline, and being assured of adequate logistical support." On 16 April this year, the chairman personally inscribed these "five sentences." This has fully demonstrated that the CPC Central Committee and the Central Military Commission have attached great importance to the comprehensive building of our Army in the new period. This is also a great encouragement and spur to the broad masses of officers and men throughout the Army. We must avail ourselves of Chairman Jiang's inscriptions to make efforts to elevate the implementation of the "five-sentence" general requirements to a new level.

Over the past five years or so, CPC Committees and organs at all levels throughout the Army, as well as the broad masses of officers and men, have conscientiously

studied and comprehended Chairman Jiang's important instructions with full political zeal. They have persisted in using the "five sentences" to unify their ideological thinking, standardize their work, coordinate their efforts, and firmly grasp policy implementation so as to vigorously enhance the level of army building as a whole. Under the complicated and ever-changing international situation, when reform and opening up are developing profoundly at home and army building is facing numerous contradictions and difficulties, the whole army has maintained its political firmness and its ideological and moral cleanliness; its combat effectiveness under modern conditions, and its high-tech condition in particular, have been considerably increased; its work style and observance of discipline have been considerably improved; and its logistical support has been adequately assured, despite a shortage of funds. In particular, the "Guideline for Grass-Roots Army Building," which has been officially promulgated, has taken the "five sentences" as its soul and core. The guideline has been obviously characterized by the implementation of the "five sentences." This has vigorously promoted the development of grass-roots building throughout the Army. Practice over the past five years has fully demonstrated that the full implementation of Chairman Jiang's "five-sentence" general requirements is an important guarantee for comprehensively enhancing the level of army building.

The "five-sentence" general requirements put forward by Chairman Jiang have been characterized by in-depth thinking, significant connotative meaning, and far-reaching significance. As far as its guidance thinking is concerned, the "five sentences" have embodied Comrade Deng Xiaoping's thinking on army building in the new period, and military strategic guideline of the Central Military Commission in the new period. As far as the connotation of army building is concerned, the "five sentences" has revealed an inherent law governing army building, and army building in the new period in particular, and has highly generalized the basic factors for our troops' combat effectiveness. As far as our Army's trends of development are concerned, the "five sentences" have reflected the importance of promoting quality improvement and taking the road of developing picked troops with Chinese characteristics. The "five sentences" have pointed out the direction of army building and set the specific standard. It is a demand on both content and quality. As long as we firmly and unswervingly implement the "five-sentence" general requirements, our army building in the new period definitely will be bursting with vitality.

The essence of the "five-sentence" general requirements put forward by Chairman Jiang is all-round building and comprehensive progress. To the people's army led by

the party, being qualified politically has always been its top priority task. In particular, under the new situation of reform, opening up, and the development of a socialist market economy, being qualified politically is particularly important in order to enable our troops to fully keep in line with the CPC Central Committee ideologically, politically, and in practical actions; to resolutely follow the command of the CPC Central Committee, with Comrade Jiang Zemin as the core, and of the Central Military Commission; to withstand all sorts of severe political tests; and to provide firm and effective support in terms of security for reform, opening up, and economic construction. The "five sentences" are a unified entirety that is organically linked, and a basic factor for generating combat effectiveness, they are indispensable is meeting the general requirements for the modernization and generalization of our revolutionary Army. To elevate the implementation of the "five-sentence" general requirements to a new level, it is necessary for us to comprehensively understand the essence of the "five sentences," and to firmly grasp the idea of all-round building and comprehensive progress.

CPC Committees and organs at all levels are undertaking the important responsibility of elevating implementation of the "five-sentence" general requirements to a new level. We must fully make use of the favorable opportunity of Chairman Jiang's inscriptions to make greater efforts to publicize and implement the "five sentences." It is necessary to conduct re-study and reeducation on the "five sentences" throughout the Army so that it strikes root deeper in people's minds. The "five-sentence" general requirements have set a high standard. It is necessary to conscientiously review and sum up the implementation of the "five sentences" over the past five years or so. It is necessary to affirm our achievements and progress, and to discover our problems and where we fall short. We should use the "five sentences" to plan and regularize our job in terms of guidance thinking and various specific work. The "five sentences" must be implemented in the CPC Committees, first of all, in order to popularize them at the grass-roots level and in organs. The CPC Committees must unify their thinking and acquire a correct position so as to truly guide various work with the "five sentence" general requirements. This is a reliable guarantee for strengthening all-round army building.

**PRC: Beijing Missile Regiment Modernizes Equipment**

HK1605090796 Beijing JIEFANGJUN BAO  
in Chinese 28 Mar 96 p 2

[Article by Zhang Nongke (1728 6593 4430), Qian Jiaotian (6929 3542 3944), and staff reporter Zhang

Jinyu (1728 6855 3768): "Have the Courage To Be Pioneers in Mastering the Use of Modern Equipment — Summary of New Equipment of Beijing Military Region Air Force Guided Missile Regiment Shaping Into Combat Effectiveness"]

[PTS Translated Text for FBIS] Three years ago, when the higher authorities decided to hand over a new model of advanced missile equipment to a guided missile regiment of the Beijing Military Region Air Force, some people asked: Are these ordinary officers and men, without any specialized training, equal to such an important task? Today, these officers and men have answered the question with facts. Over the past three years, like a swiftly rolling snowball, they not only have converted two new weapons, one after the other, but have transferred some of their cadres and core technical personnel to assist two regiments in converting their new equipment and making it combat-effective. How did they achieve this kind of high speed and efficiency?

**Urgent Orders**

In October 1992, Deputy Commander Zhao Jianjun [6392 1696 6511], of a guided missile brigade of the Beijing Military Region Air Force, was getting ready to take off with his troops for target practice when an urgent order arrived. According to the order, the higher authorities had decided to organize a new guided missile regiment with a view to raising the level of modernization of our Army and to strengthening national defense. Zhao Jianjun was appointed commander of the regiment and instructed to begin the work of organizing the regiment.

At the same time, 165 ace guided missile technicians from 14 different units of the Beijing Military Region Air Force also received orders.

Without saying goodbye to his family, Zhao Jianjun rushed to the railway station, bought a ticket, and jumped onto the train. Before receiving his orders, Regimental Deputy Commander Meng Yinjiu [1322 6892 0036] had received two telegrams urging him to go home to see his dying mother, but he just put them in his pocket and reported for duty.... Everyone had but one wish: Organize the regiment as quickly as possible and start training!

**Special Study**

The first task in converting the equipment and undergoing training was to study armament theories. For the commanders and fighters, it was the first time they ever came across such difficult and complicated theories. The special methods of instruction were also new to them. The instructors were amazingly fast when they taught



the new armament theories. The commanders and fighters had to attend class nine hours a day, during which time instructors said things only once and had no time to repeat what they had said. They had to watch, listen, and jot down notes nine hours a day. After 10 days, they all felt that this was too much for them.

What was to be done? They had a discussion one evening and came up with a plan that was suited to the tempo of this kind of study. During the day, students of the same specialty would take turns jotting down notes. This meant that the rest of the class could think while their classmate was doing the note-taking. In the evening, everyone would sit together, discuss the lessons, and get the notes in order. They continued studying in this way 16 hours a day. After one month, they had produced lecture notes totaling more than 500,000 characters. They had done so much writing that hard callouses covered their fingers.

As the theory classes drew to an end, technical assistant Xi Jihu [1598 0679 5706] found that he had lost the sight of his left eye. Experts at the hospital diagnosed that he had choroiditis due to overexertion, but he did not give up. He cooperated with the doctors who were treating him. With eyes closed, he asked his comrades-in-arms to come to his bedside and read him lecture notes every day, after which he would memorize the notes by heart. In the examination at the end of the theory course, he got full marks. Although he had to serve as the assistant operator because of his bad eyesight in the practical training, he did not give up learning the tasks of the chief operator, and managed to master the skills required of five war service teams.

With this spirit of exertion in study, they completed in four months courses that normally would have taken eight months to complete. Moreover, everyone achieved outstanding performance in learning all about the converted equipment, thereby laying a solid foundation for the whole regiment to quickly master the use of the new weapons and turn them into real fighting power.

#### **Showing One's Prowess for the First Time**

When the first batch of trainees had finished undergoing their training and everyone had returned to their positions, the new equipment arrived.

Without having time to gasp for breath, they had to begin the intense, but meticulous work of serial conversion. This was a complicated and formidable task. The weapons throughout the regiment have over 1 million parts, and each must be debugged, assembled, tested....

In order to speed up the work of serial conversion while not affecting training, the regimental party committee divided the commanders and fighters into two groups:

One group worked overtime to complete the conversion, while the other group worked hard on writing teaching materials, drawing up teaching plans, and conducting teaching among soldiers on the special theories behind the new equipment. After nearly 100 days and nights, when the two tasks were nearing their completion, they received the following order from the higher authorities: "There will be a live ammunition target practice after another month of conversion and crack training."

Sensing the urgency of the task, the divisional leaders asked battalion Commander Wang Haifeng [3769 3189 1496], who was charged with the target practice, if he had any confidence in this. Commander Wang patted his chest and said without hesitation: "I can give you my word that we can complete the task on time."

These resounding words were tantamount to issuing a "military order" to the whole battalion. Under Commander Wang's leadership, the battalion completed in one month an amount of training that normally would have taken three months. The officers and men throughout the battalion not only mastered the theoretical knowledge, technical parameters, and operational procedures of the new weapons, but wrote manuals for new weapons and 20 new methods of operation, totaling more than 60,000 characters in all. A drive to study and grasp the knowledge of new weapons also was whipped up in all battalions in the regiment. As the regiment had just been organized and the training conditions were poor, the fighters had to study the theories of new weapons in store-rooms or makeshift tents, and had to draw the circuit patterns of the new weapons on the training ground.

In October, "iron horses" [armored vehicles] were lined up on the desert, and the "magical spears" [missiles] were put in an upright position, pointing at the sky. All of a sudden, three "black spots" appeared in the distant sky, flickering among the clouds. Immediately, three fiery dragons whizzed into the sky, and the "air marauders" were "crushed to pieces."

#### **Snowball Effect**

When they were trying their best to complete the task of converting the new equipment, another arduous task was put before them: The higher authorities told them to turn over to two other regiments the new equipment which they had already finished debugging and had mastered, and to assist these two regiments in completing the conversion task without delay.

At first some comrades were perplexed: How much time and energy we have put into assembling, debugging, and mastering the use of this new equipment. Now that we have completed the task at such great cost, we have to hand the equipment over to others....

The leaders of the division and regiment personally went down to the battalions and companies to conduct ideological work among the officers and men, making them understand that we need more modernized units in order to win future wars, and that as "pioneers," they must play their role in blazing new trails, and must play a still bigger role in converting the new equipment of units into real fighting power like a snowball. The officers and men throughout the regiment pledged to pass on every bit of technical knowledge they had to their fraternal units without reserve.

However, it was by no means easy for a regiment that had just been established to undertake the task of converting the equipment for two organic regiments. There were extreme difficulties in every field imaginable, from teaching staff, teaching facilities and teaching venue to livelihood support. They organized implementation with handpicked men, spared no cost, defied difficulties, and "conducted training with concentrated efforts by relying on related specialized departments teaching relevant subjects and veterans teaching new hands." In just one month, the regiment had completed the complicated task of making teaching preparations. After three months, all officers and men of the two regiments had completed their special theory courses with flying colors.

For the purpose of testing the results of the conversion carried out in these two regiments, the higher authorities asked this regiment to divide its men into two groups, each accompanying one fraternal regiment in carrying out an air offensive exercise and target practice with live ammunition. In order for the two fraternal regiments to experience the "flames of war," the command, operational, and maintenance units of this regiment assumed the tasks of instruction and checking, seeing to it that the operational units formed by these two fraternal regiments were actually implementing the operational procedures of combat and improving their operational skills.

With its assistance, these two fraternal regiments miraculously developed into real combat capability.

At the end of the training, the two fraternal regiments had to take away some key technical cadres. The regiment's resolute decision was: For the great cause of the modernization of surface-to-air missile units, you can take any of our personnel you need. In the end, it gave up 37 of its best technical cadres to these two regiments in one go.

#### **Becoming Pioneers Again**

As soon as they had finished helping two fraternal regiments covert their new equipment, they were given another task — to convert even newer equipment.

Faced with the new task, the officers and men throughout the regiment resolved to complete their mission with faster speed and better quality. They seriously summed up their experience in carrying out the first conversion. While providing training to the core technical cadres, the officers and men throughout the regiment continuously studied microcomputer theories, electronic technologies, and other new knowledge related to the new weapons. They read nearly 100 books on modern military science, and wrote more than 80 academic papers, more than 30 of which have since won outstanding academic paper awards. In addition, 70 percent of units and of battalion and company cadres in the regiment have mastered the actual skill of operating microcomputers.

The rich knowledge of high and new technologies provided them with a reliable guarantee for further mastering the use of the latest weapons. Not long after providing training to the advance party, the regiment quickly completed a crash course on special theoretical knowledge with respect to the new weapons. They also developed new methods of operation around the topics of "march, combat, provisions, housing, management, and storage," thereby bringing the total achievements of research on methods of operation to 29.

In this way, this snowball of modernization rolls on at a high speed....

**PRC: PLA Logistics in Information Age Examined**  
*HK1605084096 Beijing JIEFANGJUN BAO*  
*in Chinese 26 Mar 96 p 6*

[From the "Military Forum" column, article by Li Pinggen (2621 1627 1869) and Nan Zhengqi (0589 3630 2475): "Military Logistics in the Information Age"]

[PTS Translated Text for FBIS] I

A new technological revolution, with information at the core, is taking place in the world. In this revolution, the building of a global "information superhighway" and the rise of information warfare are two things that will have the greatest and most profound impact on military logistics. These two interrelated and interactive factors have presented a challenge, as well as an opportunity to logistics construction and to operational logistics support in every way.

#### **II**

With the development of information, exchanges and contacts between people have broadened and become more frequent, and a trend of specialization and cross-integration has become evident in the division of labor in society. In the present-day world, where contention for military supremacy has given way to attempts to



dominate in international economic competition, closed logistics and stand-alone logistics will be replaced by socialized logistics and compatible logistics of a higher order. In the not-too-distant future, this open concept will be further developed into "horizontally integrated" logistics on a regional, international, and global scale.

Starting from state logistics and eventually fusing into state logistics again is not a simple cycle of development. It is a great leap of substantial significance.

In the past, the position and role of logistics were more evidently manifested in material factors, and logistics was regarded as material-based fighting power. Soldiers and grain, guns and ammunition, vehicles and fuel — all were inseparably linked, and could not be ignored by any war commander for even a moment. However, this simple material-based logistics cannot in any way compare with the modern technology- and information-based logistics of today. High-tech warfare has promoted the changes that have occurred in army logistics.

For a long time, support activities were conditioned by time and space restrictions on the battlefield, and the unbridgeable time and space lags between the logistics and combat units often resulted in commanders' being at a loss as to what to do. They even screamed that they were going to chop off their "tail" and get rid of their "millstone." After entering the information age, the issue for logistics in wartime is not whether or not there are support resources, but whether or not such resources can be used rapidly, promptly, and effectively.

### III

In view of wars fought in a much-condensed time span and much enlarged spatial terms, more than 50 countries met in Cairo in 1973 to discuss the issue of rapid and mobile support. Theories such as "mobile supplies," "accompanying support" and "the deployment of troops" were put forward during the meeting, and these touched off a logistics revolution on a global scale. With the development of information technology, this revolution intensified. "Warehouses on wheels," "flying hospitals," "ultra-low-altitude supplies" and other forms of three-dimensional support units emerged one after another. These all were aimed at increasing the efficiency and speed of support. Some of the developed countries have set about establishing military support systems that meet the needs of information warfare. Field hospitals are made up of a number of computer-operated intelligent units, such as "intelligent clinics" and "intelligent medical rooms." Once admitted to these units, the sick and wounded can receive diagnosis and treatment from doctors thousands of miles away. The

organization of support across great space and distance will become an increasingly pressing and important task.

We thus can envisage that in addition to overcoming information and technology gaps, it is also necessary to overcome gaps in time, space, and support in information warfare. With speed, one can gain the initiative, and one who has won the initiative has the advantage of making the first strike. While increasing its own speed of support, the side that has superior information technology also must do its best to slow down its opponent.

### IV

Planning and calculation are the concentrated manifestation of military logistical strategies. Whether units should be large or small in size, great or small in number, and whether they should be centralized or decentralized have always been hot topics in the sphere of military logistics. At the stage of accumulation of quantitative changes in the military revolution, the development of theories often appears vague and rash. There are many conclusions, but they differ considerably. Since the birth of the new technological revolution, information warfare — the wellspring of theories — has become much clearer and more transparent. Information warfare will bring about a major structural revolution of military logistics with an irresistible force.

The logistical structure of information warfare is a composite, not an overlapping structure. It cannot be accomplished by a single unit or with scanty resources. Without an optimal structure that combines knowledge with ability, and technology with strategy, we can expect only greater "friction" and "internal depletion." While it is true that reducing the levels and links of support is an effective means of increasing the efficacy and speed of support, it is only on the premise of establishing control over information that this mission can be fundamentally accomplished. Information warfare provides a reliable basis and parameter for the establishment of streamlined and effective logistics. The U.S. forces' concept of "dissociated" logistics is to keep the logistics command and management organs and the main body of these forces on U.S. soil, and to keep only a few forward positions on the battlefield, so that their troops can go into battle with a light pack and on a smaller battlefield. Wilson, who is a deputy chief of staff of the U.S. Army, noted that the level of information technology has provided U.S. troops with the necessary conditions for establishing this kind of structure.

On the battleground of information warfare, systems confrontation and program destruction, with "silicon chips" as the distinguishing feature, determines that logistics personnel are no longer isolated individual factors, but are indispensable elements in systems con-

frontation. Delay in the supply of a spare part, a mistake in operational procedures, or even a generally insignificant slip may result in the breakdown of the combat system as a whole.

Centralized and unified command is the traditional principle of logistics support. Owing to backward information technology, centralization in form and unity in action were emphasized in the past. Information warfare has changed the connotation of this kind of centralization and unity. Seeking "unity in spirit" through "disintegration in form," or seeking unity through separation, are salient characteristics of logistics command in information warfare. The "concealed storage and shipment system," which was used by the U.S. forces for the first time during the Gulf war, is a highly mobile battlefield support system that links various scattered and independent support forces into one through such means as container trucks, navigational satellite time devices, global positioning systems, miniature radio transmitter/receivers, and query stations. It is well-organized at work, and secure when not in use.

#### V

The purpose of information warfare is to control, not to inflict bloodshed. It is a kind of intangible "soft confrontation." It is precisely for this reason that the position and role of logistics will undergo new changes. The application of military strategies in logistical support will become more direct and will prove to be more effective. In other words, when the "soft confrontation" between two belligerent parties becomes more balanced and impossible to resolve, wise commanders will direct their war efforts at the support systems of the other side and achieve by means of "hard strikes" what cannot be achieved through "soft confrontation." This is just like a boxing match. When the two opponents are in a stalemate and one cannot knock down his opponent, he must aim his blows at the opponent's abdomen and ribs.

Logistics has been pushed to the forefront of information, and war will be turned from the front to the rear areas. This is precisely the U.S. purpose in bringing calamities upon the enemy by means of the mouse, the computer screen and keyboard; using computer logic bombs to destroy the enemy's railways; creating traffic congestion through the fabrication of "electronic diversions"; or transferring the bank deposits of its adversaries into the banks of other countries.

#### VI

With information warfare developing from theoretical designs to practical applications and with the "informa-

tion superhighway" about to cover the whole world, the challenge is imminent.

Only when we can look the gaps squarely in the face will we be able to develop. Our gaps lie not merely in equipment and material resources. Every time a military transformation is necessary, it is necessary for us to put forward innovative ideas, but it is by no means easy to truly guide a strong-rooted and fixed way of thinking into a brand-new sphere. Although appeals for the establishment of big logistics with a holistic structure, combined mechanisms, and integrated support have been raging like a storm in theoretical circles for some time, like an invisible net of iron, vested interests, partial interests and small-group mentalities have kept reform from making any substantial progress. Despite the fact that two units may be separated by only a single wall, there is usually little contact, simply because they wear different uniforms. Very often, supplies that are, in fact, available locally have to be sent from distant places. Such things are inconceivable in an information society and in an information age.

The laws governing the evolution of war are independent of man. Seen from the high plane of future success or failure, is there any outmoded idea that cannot be discarded? In times of peace, virtually every country is seen to be making cuts in their defense spending, but we all know that when the development of military strength cannot overtake the development of economic strength, we must feel duty-bound to bring military logistics into the fast lane of social and economic development

#### VII

It should be noted that in the middle of the 1980s, people in our country already were putting forward the idea of information warfare. We also put forward such ideas as the encoding of logistics supplies, and the standardization of military documents and supplies. We must prepare ourselves by taking accurate aim at the latest development of theory. After all, computers are not human brains, and their internal memory cannot draw an equation mark between "logistics" and "rear services." We must raise the standardized supply and quantified management of tens of thousands of supplies to the height of information warfare preparations, work bit by bit, and make solid strides forward.

Following the opening of the global "information superhighway," the flow of materials, information, and energy in the battlefield will expand drastically. Such a busy flow is already too much for the "bridges" of conventional military logistics to cope with, and the "bottleneck" effect has become increasingly more evident. Thus there is an urgent need to widen the "bridges" and to make the "links" more flexible by accelerating the



construction of "overpasses" and "network bridges" that answer the needs of the information economy and information warfare.

### VIII

The existing conditions are exceptionally good. The construction of our military logistics information network is still at the stage of foundation laying, and the "national information superhighway" — with the "Three Gold" project as its hallmark — is just taking shape. We could well make good use of this favorable opportunity by taking part in the feasibility studies for, and implementation of the building of the country's information infrastructure, seeing to it that this information infrastructure reflects not only the state's economic needs, but also the information needs of military logistics in every respect, from the overall design and allocation of resources to the linking of information networks and the protection and utilization of information, and building a good information framework for military units. In this way, the construction of our military logistics information network will be able to start from a high vantage point, develop side-by-side with the economic information system, and gain access to the global information superhighway through the "national information superhighway." By that time, we will be able to fully utilize the tremendous economic potential of society, and even tap into global economic resources in order to ensure "effective support" in our future information warfare.

We must combine logistics command with information warfare command, and must combine specialized logistics technology with information technology in order to cultivate and prepare for information warfare a large number of qualified personnel who are well-versed in both logistics command and specialized technologies. While striving to narrow our gap with foreign armies in terms of logistics and combat equipment, we must attach special importance to the updating of existing equipment in line with the information age.

History has pushed us into an information age, and information warfare is fast approaching. We must stand ahead of the tide of development in our thinking and pioneering efforts. "When heaven bestows something on you, take it; when the opportune moment arrives, seize it." This is a choice that we must make without a moment's delay.

#### PRC: PLA Telecommunications Unit Hailed

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[Article by Li Bosong (2621 2672 2646), Yang Quansheng (7122 0356 3932), and Wu Xun (0702 8113): "Knitting a Telecommunications Network in Central

and Southern China — Summary of the Efforts of the Guangzhou Military Region's 'Office of Telecommunications Support for the National Economic Construction' in Seeking Development Under the Overall Situation"]

[PTS Translated Text for FBIS] In the array of our Army's signal corps, there is a crack force barely known by the public. Engaging in a special battlefield, they now are weaving a countrywide telecommunications network with painstaking efforts. Responsible for providing telecommunications support for the country's economic construction, this force has been spoken of highly as a "crack amphibious troop."

The Office of Telecommunications Support for National Economic Construction under the Guangzhou Military Region can be said to be the file leader of this troop. Over the past decade since its establishment, they have accomplished spectacular results and enjoyed the highest growth rate throughout the Army: Their external services have developed from the unitary business of renting electrical circuits to the development of telecommunications projects, paging telecommunications, multimedia services, and information superhighways. Today, they have undertaken or participated in the construction of more than 30 state and local key projects, and have expanded and put into operation a number of telecommunications stations and posts that fan out to a number of provinces, thus successfully opening up a new path for the development of telecommunications support, which aims to "use the return of existing telecommunications services to finance new services, integrate wartime needs with peacetime, and effect compatible support between the Army and local authorities." The PLA headquarters have reaffirmed their results on many occasions, and have taken steps to spread their experience.

How did this "amphibious crack troop" become the top player in the arena of telecommunications construction in central and southern China?

#### Seize Favorable Opportunities and Win the First Battle of Telecommunications Support

In the mid 1980's, a million-strong disarmament activated a strategic change in the guiding ideology of army building: The Army should be subordinate to and serve the country's overall economic construction. In view of this, the three PLA headquarters jointly issued a document on the need for establishing its first special organ of telecommunications support, thus giving shape to our Army's first telecommunications force entrusted with a special mission. It was against this background that the "The Office of Telecommunications Support for Na-

tional Economic Construction" of the Guangzhou Military Region was born.

With the backing of correct policies and enjoying necessary conditions, these "signalmen of Guangzhou" have put on a series of living telecommunications-support dramas in a number of provinces across central and southern China.

"Solitary poles, sparse wires, and hand set telephones, which very often cannot put through calls despite the caller shouting at the top of his voice" — this is a vivid portrayal of the difficulty faced by many local units in making telephone calls over a decade ago. The Hubei Petrochemical Corporation and its 30 subordinate units long had been plagued by difficulties in telecommunications which hindered the development of these enterprises. On learning this, the comrades of the "Office of Telecommunications Support for National Economic Construction" opened up a 12-channel carrier communication line, a fairly advanced communication form at the time, for the enterprises by using the surplus telecommunications resources of local troops, thus putting an end to the corporation's history of having difficulties in making telephone calls. After that, they also provided the same service for the public security, judicial, financial, and other sectors of Hubei Province, with a view to providing a sound telecommunications guarantee for these establishments and administrative organs. Meanwhile, the "Office of Telecommunications Support for National Economic Construction" also launched the activity of undertaking key telecommunications projects by relying on its technological advantages and fine work style.

In the middle of spring of 1989, it was sleeting hard and the weather remained cold. Braving stormy waves along the Jiangling-Hankou section of the Chang Jiang in Hubei, a team of "Guangzhou signalmen" were engaged in the arduous construction of the "Jiangling-Hankou microwave telecommunications project." On the long construction line, Liberation-brand trucks fully loaded with equipment or with sand and rocks were shuttling back and forth, while construction workers were busy making surveys and designs, setting up scaffolds, and installing electric wires. Covered all over with mud, everyone on the construction site, from the chief commander of the project to the technicians and ordinary soldiers, worked extra hours, ate in the wind, and slept in the dew. Local folks gasped with admiration: "The PLA carries out a construction project in the same way as fighting a battle."

As a matter of fact, the decision-makers of the "Office of Telecommunications Support for National Economic Construction" knew very well in their hearts that favor-

able opportunities must be seized with painstaking efforts before they slip away. The "Jiangling-Hankou microwave telecommunications project" was a key project of the Ministry of Communications as part of a solution to the problem of shipping coal from the country's north to the south. Over the years, owing to the lack of an unhindered transportation line leading from China's major coal-producing province of Shanxi to the south, the shipping of coal from the north to the south caused a good deal of bother. As a result, "carrots were usually sold at the price of pork." To put an end to such a difficult situation concerning the transport of coal from Shanxi to the south, the state decided in the mid 1980's to open up a water route for the purpose, by which coal could be transported from Shanxi to Xiangfan by train, then shipped to the south via the Chang Jiang. However, the progress of the project was impeded by certain technological problems concerning the navigation of the Jiangling-Hankou microwave telecommunications project. When the Ministry of Communications invited public tenders on this project from all over the country, none of the many large-scale domestic telecommunications engineering companies even dared to take up the gauntlet.

Upon careful consideration, Zhong Hua and Xu Yuanjiu, respectively director and party secretary of the "Office of Telecommunications Support for National Economic Construction," decided to "seize" this project. This move was not without risk, yet they knew very well that this was a golden opportunity for them to test the Army's telecommunications technological strength and its ability to support the country's construction. They led technical personnel to conduct on-site surveys, made repeated verifications and designs, and finally produced an overall construction plan in only two months which included 250 blueprints and 50,000-character illustrations. Based on this overall construction plan, they started the construction of the project with meticulous efforts, making use of both the Army's surplus equipment and advanced telecommunications technologies introduced from abroad. After 14 months of valiant struggle, they completed China's first microwave telecommunications project, with all its equipment and facilities made by the Army. At the test and acceptance meeting, several dozen technical experts unanimously agreed: A crystallization of militarization and scientification — this project has completely met the required construction standards and thus holds a safe lead in the country!

The splendid completion of a major project undoubtedly can serve as a big advertisement. The "Office of Telecommunications Support for National Economic Construction" of the Guangzhou Military Region has become renowned throughout the country since.



During a later period, the "Guangzhou signalmen" undertook more than 70 cable- and line-laying projects, as well as circuit and telephone expansion projects in Chaozhou and Shantou, Zhuhai, Qingyuan, and Shenzhen's Shennan Road, Meiyuan Road, and Shawan District. Most of the projects they undertook were commended as outstanding ones, while a series of projects in Shenzhen and Zhuhai were regarded as a gift presented by the Army to the economic construction of special economic zones.

#### **Make Changes as the Times Require and Explore New Markets**

The affairs of the world are inconstant. With the arrival of the 1990's, civilian telecommunications have developed from open-wire lines to optical cables, local telephone communication has changed from a step-by-step dialling system to a program controlled one, and telecommunications engineering companies have sprung up like mushrooms after rain. All of a sudden, military telecommunications can no longer find favor in people's eyes, and the Army has found its ability falling short of its wishes when providing "support."

In the face of such an "apparently blind alley," the "Office of Telecommunications Support for National Economic Construction" had only two choices: They could either continue the old road, which would lead them from the stage of "growing out of nothing" to the stage of "returning to nothing"; or readjust their strategy and tactics, change their operational mechanism, open up new markets, and reboost morale, yet at the cost of risking greater dangers and withstanding heavier pressure.

What course should they follow? This was a question pondered by Zhong Hua and Xu Yuanjiu, the two principal military and administrative officers of the "Office of Telecommunications Support for National Economic Construction." Both men had been engaged in military telecommunications for over 20 years. The former had been a technician, the director of a research institute, an engineer, and a chief engineer; had won more than 10 awards for his scientific research results; and had cultivated in the long practice of technical work a character of "being keen on studying anything new." The latter had been a professional telecommunications cadre, a company and battalion commander, a deputy chief of staff, a deputy political commissar, the director of a telecommunications terminal, and a political commissar; his special experience in the face of disasters had given him the quality of handling things with great care and presence of mind. In the past, the two had worked in the same Army unit and had cultivated a tacit mutual understanding. Today, on this issue concerning the survival

and further development of the "Office of Telecommunications Support for National Economic Construction," the two had long talks by candlelight and exchanged views frankly: Instead of lowering its banners and muffling its drums just like that, the "Office of Telecommunications Support for National Economic Construction" should try its utmost to extricate itself from the present difficult situation.

Upon studies and analysis of the latest developments in the local and military telecommunications markets, as well as the development trend of the world's telecommunications technology, they believed that under the current situation wherein the Army no longer enjoyed superiority in the telecommunications field, it is obvious that telecommunications support can no longer take the old road of renting circuits and undertaking projects. The Army can create new advantages and open up new markets only when it incorporates telecommunications support into the mainstream of the country's economic construction, the Army's modernization drive, and the world's telecommunications technological development, and when it establishes telecommunications entities and contingents through increasing means of telecommunications. In view of all this, they finally decided to adopt the thinking of starting a fresh cause, which calls for efforts to "consolidate and tap the potentials of existing services, build up the front position of wireless telecommunications with hard efforts, and march toward such new fields as paging telecommunications."

The road of starting a fresh cause has proven arduous. In the old days, they unfolded their work with an initiation budget of only 500 yuan; with the accumulation over the years, they had developed a small fortune. When compared with the amount of money needed for purchasing expensive wireless telecommunications equipment, however, the money in their hands seemed utterly inadequate. This difficulty did not scare off the "Guangzhou signalmen." Under the guidance and coordination of relevant departments of the military region, they acted in line with the principle of hard struggle and led a frugal life of "handling official business in rented offices, sleeping in a wide bed shared many, eating in neighborhood canteens, and working late into the night" on the one hand, and tried by every means to raise funds through various channels on the other. With all these hard efforts, they finally established the first bleeper paging center, the Great Wall Paging Station, in Guangzhou in October 1989, and rapidly expanded their share of the market. They then turned their eyes to places outside China to look for foreign investment and partners in the form of "borrowing a hen to lay eggs and then repaying the money by selling the eggs." As a result, they introduced foreign investment totalling

70 million yuan, and established four telecommunications stations in cooperation with Wharf (Holdings) Ltd. and Starlite Holdings Ltd. in Hong Kong. Today, the "Guangzhou signalmen" have successfully built up a powerful telecommunications network, which is composed of 21 telecommunications stations and more than 500 transmission posts covering the vast land of Hubei, Hunan, Guangxi, and Guangdong.

New and high technologies are the "Golden Touch" of modernization, as well as a lever ensuring the invincible position of scientific and technological entities. In their march toward the wireless telecommunications market, the "Guangzhou signalmen" have kept track of the world's telecommunications technological development, and have managed to introduce a large amount of highly competitive advanced equipment that enjoys good prospects. Over the past five years, they have purchased more than 200 pieces of new- and high-tech equipment with a total investment of nearly 10 million yuan, with a view to developing the paging system from one-way communication into partial and regional networks. Recently, they have been negotiating with several major foreign telecommunications companies on a number of cooperative projects, including the establishment of an updated telecommunications system and participation in the exploration and construction of multimedia and information superhighways.

Amid the acute competition of the telecommunications market, the "Guangzhou signalmen" also have a "unique skill" that compels admiration from local people in the same trade, that is, applying the management pattern and strategic advantages of the Army to the management of enterprises. During our visit to the "Dongguan Guangzhou Telecommunications Station," we noticed that paging operators were required to attend a meeting on work requirements before they start their work every day, and to sum up experience and make work appraisals after work. Wearing monitors on their heads, more than 70 operators, dressed alike in uniforms, were working attentively with the computer, and were warmly providing paging services for customers. Two managerial staff were pacing up and down, supervising their work.

Station Director Zhen Xiaoping briefed us: This paging station practices a totally militarized management; not only its organizational structure is based on the establishment of military telecommunications units of companies (big squads) and squads (small squads), but the professional training of its paging operators also follows the strict requirements of "four skills" (the listening skill, the speaking skill, the sight-reading skill, and the handwork skill) originally intended for operators in the Army. All the station's paging operators are supposed to

undergo strict training programs, and those who fail to reach the required standards are not allowed to take up a post. Meanwhile, a whole set of systems has been instituted to standardize the language and behavior of the operators, and the management level will be hard on anyone who impairs the reputation of the "Guangzhou Telecommunications Support Office." Once, a customer required an operator of this station to page a number, but as the customer had a strong accent and could not make himself understood when asked twice by the operator, the operator cut the line impatiently. At this time, the station director rushed into the station like a whirlwind and found the "troublemaker" through the monitoring recording. When she knew it was the director who had purposely tested her patience, she said with guilt: "I am very sorry. I did know it was you, the director, who paged here; otherwise...." He told her seriously: "If I were a customer, what you just did would have impaired the reputation of this station. Judging by your professional level and attitude in serving customers, you are not yet ready for this work post. Starting tomorrow, you are to leave your post and receive more training!"

Under such standardized and strict militarized management, all the paging stations under the "Telecommunications Support Office of Guangzhou" have won universal praise for their first-class, high-quality service. In a nominal test conducted by the Guangzhou Notary Office of the Oriental Cultural Transmission Company in August 1994 regarding the service quality of more than 60 paging stations in Guangzhou, the "Great Wall Station" under the Guangzhou Telecommunications Support Office" won the majority of votes and ranked first among the "10 best paging stations." Meanwhile, the paging stations set up by the "The Office of Telecommunications Support for National Economic Construction" in Wuhan, Changsha, Shantou, Shenzhen, and other places also were highly praised by their customers.

Today, while the "stalls" of its fraternal units are shrinking with each passing day under the impact of the high-speed development of local telecommunications, the "Office of Telecommunications Support for National Economic Construction" of the Guangzhou Military Region and its subordinate units are enjoying a total number of customers of as many as 250,000, and the "Dongguan Guangzhou Telecommunications Paging Station" has been commended as the country's top paging station in terms of customer share.

#### **Use the Returns on Existing Telecommunications Services To Finance New Services, and Build Up an "Amphibious" Telecommunications Network**

During their decade-long wrestling in the commercial sea, the "Guangzhou signalmen" have upheld all along



the orientation of "sticking to its origin as a military telecommunications unit"; have never forgotten the special mission they shoulder; have tried hard to find the best combination between economic efficiency, social efficiency, and military efficiency when carrying out their telecommunications support work; and have initially opened up a new road of "incorporating military services into civilian ones, using the returns on existing telecommunications services to finance new ones, integrating wartime needs with those of peacetime, and effecting compatible support between the Army and local authorities."

When talking about the social efficiency of the "Office of Telecommunications Support for National Economic Construction," Lin Kanru, general manager of the Telecommunications Engineering Company, said with emotion: "The several dozen urgent and arduous telecommunications projects we have undertaken over recent years are mostly of a support nature with a not-so-high construction cost. The completion of these projects has directly promoted local economic construction and won widespread acclaim from local governments and the masses." Meanwhile, by constantly creating sound economic efficiency through these projects and through efforts to increase telecommunications means for external services, they also have provided material guarantees for reinforcing the telecommunications building of national defense during the new period. As of this year, the "Office of Telecommunications Support for National Economic Construction" has invested several tens of millions of yuan into the telecommunications building of the military region, and has reinforced and developed itself while providing support for local economic construction. This should well be regarded as a pioneering move.

Of course, when we assess the position and roles of this "amphibious combat force," we should not base ourselves only on economic returns, for this force has a greater and more profound military significance than economic efficiency. Over recent years, relevant departments under the PLA General Staff Headquarters have reaffirmed the experience of this force on many occasions, and have called for efforts to spread its experience. Through their practice and thoroughgoing studies, people are gratified to see the following accomplishments attained by this force:

With the aid of telecommunications support as a testing ground, they have accumulated precious experience for the telecommunications modernization of our Army. Modern wars are high-tech wars, and telecommunications, control, and command automation are playing an increasingly important role in modern wars. At present, our Army still lags far behind the

armies of advanced countries in the telecommunications field, and efforts to accelerate its development and narrow the gap entail a large input, which the Army cannot afford with its limited national defense budget. As a special organ under the leadership of the telecommunications department of the war zone, the "Office of Telecommunications Support for National Economic Construction" has opened up the road of "incorporating military services into civilian ones, and using the returns on existing telecommunications services to finance new services," and has successfully played a role that cannot be replaced by military telecommunications functionary departments. This has been proven by the practice of the "Office of Telecommunications Support for National Economic Construction" of the Guangzhou Military Region. By adopting the method of "borrowing the hen to lay eggs and repaying the money by selling the eggs," they have introduced funds, equipment, and technologies from abroad, and have built up in as short as several years' time a number of telecommunications stations which mainly rely on wireless telecommunications, and have constantly updated, developed, and perfected these stations in light of changes in both the domestic and overseas markets. As a result, the targets for logistical support, which our troops used to find it hard to fulfill, now can be reached through the aid of the telecommunications support front, and the new- and high-tech telecommunications technological projects the troops were unable to undertake in the past can be materialized by using the method of "borrowing a ship to go to sea" created by the "Office of Telecommunications Support for National Economic Construction." Like a communications testing ground, telecommunications support has paved the road of success for, and given some useful enlightenment to the Army's military telecommunications modernization.

Through keeping track of the world's telecommunications development level, they have brought up a number of special talents who enjoy sound knowledge of modern telecommunications technologies. As a scientific and technological entity that gains profits with the aid of technology, the "Office of Telecommunications Support for National Economic Construction" of the Guangzhou Military Region understands that if it does not want to be eliminated in the acute market competitions, it should attach great importance to tracking the world's telecommunications technological development, and to cultivating and enhancing its own contingent of technical personnel. In recent years, it has set up contacts with a number of first-class telecommunications companies representing the world's current most developed telecommunications level, and have signed cooperation agreements with some of them. Aside from importing advanced equipment, they also have selected

a number of technical personnel to study telecommunications technologies in such countries and regions as the United States, France, Japan, Switzerland, and Hong Kong, and have recommended more than 30 people to take up advanced studies in colleges and universities both inside and outside the Army. With a widened vision and a good mastery of the world's most sophisticated telecommunications technologies, these professional talents are beginning to play the role of technological "yeast" on the telecommunications front of the war zone.

**The establishment of a number of telecommunications front positions for effecting compatible support between the Army and local authorities has laid a sound foundation for shifting to a military command network during wartime.**

Ever since its birth, the "Office of Telecommunications Support for National Economic Construction" has established the principle of "sticking to its origin as a military telecommunications unit," and has made unremitting efforts to establish an "amphibious" telecommunications network that aims to integrate the wartime needs with those of peacetime, and to combine military with civilian production. When selecting locations for new telecommunications stations and posts, they have based themselves on the needs of the future battlefield. As a result, the existing telecommunications stations and posts have basically covered the major defensive areas of the war zone. Meanwhile, they have introduced a militarized operational and management mechanism, and have determined the establishment size of each telecommunications station or post in accordance with the size of military telecommunications units. They also have adopted the thinking of hopping development, and have purchased a certain amount of advanced telecommunications equipment and facilities. In line with overall arrangements, they have brought their work into the military telecommunications network, and have participated in both the rescue and relief work and the military exercises organized by the military region. With their efforts over the past decade, the "Office of Telecommunications Support for National Economic Construction" has set up 21 telecommunications stations and posts, and has given initial shape to a major national defense telecommunications network across the vast land of central and southern China which can incorporate military services into civilian ones, integrate wartime needs with those of peacetime, and bring about compatible support between the Army and local authorities. During an emergency exercise conducted by a detachment on reserve duty, the Shantou Military Sub-Area in Guangdong, the organizer of the exercise, made use of the telecommunications paging system installed by the "Office of Telecommu-

nications Support for National Economic Construction" to assemble and muster its forces and give commands, and shortened by half the time required by the "rapid-reaction system."

In the face of the 21st century, the "Guangzhou signalmen" have set out for new targets, and have drawn up a development blueprint that aims, with the use of high technologies as a breakthrough point, to change the industrial structure and promote the "three efficiencies" to a new height. Their exploration and practice has corroborated the wisdom and foresight of the Central Military Commission and the three PLA headquarters in their decision to provide telecommunications support for the country's economic construction, and the road of development they are taking is showing an alluring prospect for the telecommunications modernization of our Army!

**PRC: Commentator on Placement of Demobilized Servicemen**

OW1505140896 Beijing RENMIN RIBAO in Chinese  
21 Apr 96 p 1

[Commentator's Article: "Adopt an Overall Point of View To Do Well the Work of Making Arrangements for the Placement of Demobilized Servicemen"]

[PTS Translated Text for FBIS] The national conference on commending model cadres who are ex-servicemen, advanced units and workers, and the 1996 work conference on the placement of demobilized servicemen successfully concluded on 20 April. Here we should like to extend our warm congratulations to those commended model cadres who are ex-servicemen, and advanced units and workers in the work of placement of demobilized servicemen.

The just-concluded meeting of heroes and models will inevitably exert great effects on bringing forward the lofty thinking and character of models and advanced persons; bracing up, boosting confidence, and improving the environment for placements; and promoting the smooth progress in work on the placement of demobilized servicemen.

"The barracks are an iron bastion, and soldiers are likened to flowing water." After all, only a minority of soldiers can spend their whole life in the Army. For the long-range army building, the majority of servicemen have to leave the barracks for various localities. A large number of cadres who are demobilized soldiers have subordinated to the overall situation of national economic construction and army building, united as one, blazed new trails to make progress under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and the leadership of the



Central Committee with Comrade Jiang Zemin as its core, made new contributions to the party and the people, and added glory to the banners of the party and the Army. Among them are leading cadres in party committees and governments at various levels who have willingly become public servants, established close ties with the ordinary people, and establish comparatively high prestige among the masses. Some of them have broken through popular prejudices; they did not choose to settle down in cities, but the countryside; they have struck root in the grass roots, and taken the lead in getting rid of poverty to become well off. Some have set their mind on the enterprise, pioneered with hard work with the valor and stubbornness characterized by the soldier's style, and scored fruitful results. Others have adhered to principle, personified righteousness on the political and legal front, and waged struggles against behavior in violation of the law and discipline to safeguard social stability and people's life and properties.... Their moving feats have revealed the profound devotion of cadres who are ex-servicemen to the motherland and the people, and their stubborn pursuit of ideal and cause; their feats have shown that cadres who are ex-servicemen and local cadres alike are both the precious wealth of the party and the country, and a new force in building the "two civilizations." They have rendered meritorious service to the Army and the people, being worthy of the name of staunch fighters brought up by the People's Army, and lived up to the expectations of the elders of their home towns, who had nurtured and reared them. The party and the people will never forget the outstanding feats of model cadres and advanced workers who are ex-servicemen.

Placement of demobilized servicemen is a work that stabilizes the Army and the overall situation; the task is glorious while involving great responsibilities. With the ever-deepening and developing of reform in the personnel system, work in placement of demobilized servicemen has met some new contradictions and problems. What is pleasing is the fact that presently various policies on the placement of demobilized servicemen have become more complete and perfect with each passing day, related decrees and regulations will be formulated one after another, and building of the service, insurance system is under way. The overwhelming majority of employing units are able to attach importance to the overall situation, subordinate partial interest to overall interest, overcome difficulties, subordinate to the distribution of the state without conditions and discount, while welcoming demobilized servicemen enthusiastically, making their placement appropriately, and earnestly cultivating and employing them rationally. The advanced units commended at the just-concluded meeting are precisely their outstanding representatives.

The Central Committee, State Council, and Central Military Commission leaders have attached great importance to doing a good job of work in placement of demobilized servicemen, and made a series of important instructions. During the 1994 Jinan national work conference on the placement of demobilized servicemen, General Secretary Jiang Zemin, Premier Li Peng especially issued congratulatory letters to the conference. During the just-concluded conference, General Secretary Jiang Zemin and other party and state leaders made personal appearances and gave important instructions. Beyond doubt, that will play a very great role in promoting work in placement of demobilized servicemen this year.

The Fifth Plenary Session of the 14th Central Committee, and the Fourth Session of the Eighth National People's Congress have formulated for us a great, century-straddling blueprint, and set forth new and higher requirements on all items of work. This year, there are 44,000 demobilized cadres from the Army to be transferred to localities. To do a good job of placement of this batch of cadres is of very great significance to doing a good job in the placement of demobilized servicemen during the Ninth Five-Year Plan. Let us follow the example of the advanced collectives and individuals in the placement of demobilized servicemen, do work in a down-to-earth way, and work hard to fulfill satisfactorily the tasks for placement of demobilized servicemen this year!

#### PRC: RENMIN RIBAO Editorial Praises Crime Crackdown

OW1605035596 Beijing XINHUA Domestic Service  
in Chinese 1503 GMT 15 May 96

[RENMIN RIBAO 16 May Editorial: "Continue the Triumphant Pursuit of Greater Achievements"]

[FBIS Translated Text] Beijing, 15 May (XINHUA) — The struggle launched nationwide over the past 15 days and more to crack down sternly on serious criminal activities has scored an initial success: We have cracked a number of big, important cases that had great impact and were vicious in nature; we have eradicated many criminal gangs and evil forces that were extremely harmful to society and the masses of people; we have arrested many criminals who committed the most heinous crimes in major cases; we have severely and promptly dealt with and sentenced, in accordance with the law, many criminal elements who seriously endangered public order; we have wiped out social evils on a wider scale and closed down a number of dens and venues that sheltered evil people and countenanced evil practices; we have confiscated a number of illegal firearms; we

16 May 1996

have swiftly carried out the work of restoring order in selected areas, locations, and sections that had greater security problems; and many criminal elements, frightened by the powerful crackdown, have surrendered one after another to public security organs of their own accord.

The initial victory scored in this struggle had a positive effect on safeguarding social stability and public order, frightening criminals, deflating their arrogance, protecting people's lives and property, and enhancing ordinary citizens' sense of security. The success has heartened the people and won their support. However, we must realize there is still some distance between what we have done and achieved and what the party and people demand that we do. As the struggle deepens, the tasks will become more arduous. We must remain sober-minded, fully recognize the difficulty and complexity of the struggle, and adopt a highly combative posture to enter the next-stage struggle.

While safeguarding public order and social stability relies on the efforts of political, legal, and public security departments, it relies even more heavily on the strong leadership of party committees and governments at all levels, the active participation of various departments and units, and the joint efforts of the whole society. Only by doing so can there be lasting peace and stability. If some localities or units fail to take real action and do not crack down on criminals, the overall victory in the struggle will be affected, and these localities and units may even become criminal hideouts.

This struggle is a concrete manifestation of our efforts to protect the masses of people and perform real services for ordinary citizens. This is why the masses clapped their hands with joy, coordinated their actions, and actively participated in the struggle. This is why the struggle has built a strong momentum and produced concrete results. However, to dig out criminals who concealed themselves deep, we must carry out propaganda in a big way and call on the broad masses to expose and inform on criminals so as to create a strong offensive to encircle and annihilate them. Using the opportunity of the ongoing crackdown, we will mobilize the various grass-roots organizations and mass crime prevention and control organizations to assist political, legal, and public security departments in promptly and effectively exposing and cracking down on all types of criminal elements and consolidating and developing a good, stable social order.

In waging the current struggle, we must stress the words "sternness" and "seriousness." First, the primary targets of our attack are serious criminal activities. We must crack major cases, hunt escaped criminals or convicts,

and crack down on criminal gangs. Thus, the success of the crackdown is measured not only by the number of criminals arrested but, more importantly, by the number of major cases cracked that have gone unsolved for the past few years; by the number of criminals or convicts arrested; by the number of Mafia-type criminal gangs destroyed, which caused great harm to the society and people; and ultimately, by whether the masses have a true sense of security. Therefore, localities must step up their efforts to work on the clues; focus on what is important; organize elite forces; formulate powerful measures; and, with the support and help of the broad masses, quickly crack more major cases, arrest more criminals, and destroy more criminal gangs. We must concentrate our efforts on quickly solving criminal cases committed during the crackdown. We must resolutely deflate the arrogance of these criminal elements.

Second, we must be stern in cracking down on serious criminal activities. We must firmly implement the policy of severely and promptly dealing with criminal elements, cracking down on them with surety, accuracy, and relentlessness. After launching concentrated attacks, public security organs, and procuratorial and people's courts must step up preliminary hearings, collection of evidence, and tracking of criminal histories; and work hard to achieve the goal of quick approval of arrests, quick prosecution, and quick trials. We must uphold strict law enforcement and increase the intensity of the crackdown. Whoever deserves heavy sentences in accordance with the law must be resolutely sentenced accordingly, and whoever deserves the death penalty in accordance with the law must be sentenced to death.

The struggle is still deepening. We must continue the triumphant pursuit of greater achievements and greater victories for the crackdown.

#### PRC: RENMIN RIBAO Commentary on Crime Crackdown Cited

OW1505145296 Beijing XINHUA in English  
1442 GMT 15 May 96

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — China's top newspaper "PEOPLE'S DAILY" will carry a commentary tomorrow, saying that in the past 15 days, there has been significant progress in the national fight against serious crimes with criminals arrested and crime syndicates destroyed.

This success is mainly due to the firm leadership of officials at all levels, participation of the broad masses of people, the excellent work done by police, and extensive press coverage, the commentary notes, adding that the campaign has served to stabilize society, protect people's interests, and increase the sense of security.



However, it adds, there is still a lot more to be done, and everyone involved in the campaign should realize the difficulty and complexity of the struggle and make a greater effort.

The commentary asks all local departments, media, and residents to make greater efforts to help the police in the fight against crime and criminals. It also calls for the mobilization of more people into the fight.

When suspects are arrested, the police, the procuratorates, and the courts should collaborate on applying the law and giving punishment to criminals as quickly as possible.

**PRC: Nationwide Crackdown on Crime Said Fruitful**

*OW1505190096 Beijing XINHUA in English  
1702 GMT 15 May 96*

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — Chinese police have solved a significant number of cases involving major criminal offenses, since the start of a nationwide anti-crime campaign on April 28.

These included apprehending six people who were on the Public Security Ministry's most-wanted list, arresting some escaped criminals, and confiscating a large number of illegal firearms.

In other developments, police in east China's Fujian Province have cracked a kidnapping case that involved a Chinese-American gang and one from Hong Kong, and a total of 1.3 million yuan (some 160,000 U.S. dollars).

Police in Guangdong and Yunnan provinces joined hands in work on a drug smuggling case that involved a total of 600 kg of heroin. Thirty-nine drug traffickers were arrested and ten vehicles used to ferry the drugs were seized.

In central China's Hunan Province, an eight-member gang of thieves who were connected with 141 thefts involving 370,000 yuan- worth of stolen articles, has been put out.

Police in northeast China's Liaoning Province arrested a person who had killed and wounded three victims and been at large for ten years.

Attempts to stop the manufacture and sale of firearms have been increased because of the obvious harm to society.

In east and northeast China's Shandong, Liaoning, and Heilongjiang provinces, more than 8,000 illegal firearms have been confiscated in each of the provinces, and the numbers for Hebei, Hubei and Shanxi provinces are more than 3,000 each.

A number of criminals have voluntarily surrendered to police as well. Over 600 escapees had given themselves up in central China's Henan Province, by May 6, and the number for Hunan Province stood at 490.

A senior police official attributes these achievements in the nationwide crackdown on major crimes to the positive attitude and participation of ordinary citizens everywhere.

Over the past two weeks, 80 percent of the criminal cases cracked in east China's Shandong Province, in fact, were the result of tips provided by citizens, and 45 percent of the criminal arrests came about because of help from the people.

A high-ranking official pointed out recently that government at all levels should take this opportunity to improve rules and regulations, management, and precautionary measures in order to make the social order much better.

**PRC: Jia Qinglin Address Fujian Meeting on Combating Crime**

*OW1605021796 Fuzhou FUJIAN RIBAO in Chinese  
29 Apr 96 p 1*

["Departments Under the Provincial Government Hold 'Crackdown' Mobilization Meeting; Jia Qinglin Attends, Addresses the Meeting"]

[FBIS Translated Text] The provincial party committee held a meeting on the morning of 24 April to mobilize and organize departments directly under the provincial government to actively take part in the crackdown of serious crimes and work hard to maintain Fujian's public order and social stability.

Provincial leaders, including Jia Qinglin, Lin Zhaoxu, Huang Songlu, Song Jun, Tong Wanheng, Fang Zhongbing, and Zheng Yizheng, as well as leaders of departments and units directly under the provincial government attended the meeting.

Jia Qinglin gave an important speech at the meeting. He stressed: We must achieve unity in thinking and fully recognize the great significance of the struggle against serious crimes. He said: Generally speaking, our province has enjoyed good public order since last winter and this spring. However, while recognizing the positive aspect of our province's public order, we must also realize there are still many problems worthy of our attention and concern. The crackdown against serious crimes going on at the moment is extremely significant. It constitutes an important safeguard for our province to smoothly implement its Ninth Five-Year Plan and achieve its 2010 long-term target. It comes from the

pressing need to protect the people's personal interests. It is a major step to ensure lasting peace and stability in our province. Party committees and departments at all levels must profoundly comprehend the intentions of the party Central Committee and the provincial party committee, fully recognize the present grim situation of public order and the necessity to launch a crackdown against serious crimes, enhance our sense of mission and urgency, firmly coordinate our action with the rest of the country, and concentrate our efforts to carry out the struggle in order to extinguish the inflated arrogance of criminals. We must use severe punishment to restore public order, and we will not stop until we achieve total victory. We must earnestly protect the lives, property, and safety of the masses so that they will feel confident and have hope about public order.

Jia Qinglin pointed out: Sternly cracking down on all kinds of criminal offenses to safeguard social stability is not a matter for the public security and judicial departments alone; it is a common task of the entire party and the responsibility of all other departments and units in society. In the current struggle, with its main emphasis placed on "cracking down on robbery, destroying gangs, and capturing escaped convicts," the tasks are arduous and cover vast key areas. It is therefore necessary to mobilize and rely on the efforts of the entire party and society to increase the intensity of strike and jointly safeguard social stability. Public security and judicial departments, as the nucleus for safeguarding public order and social stability, must bring into play their backbone role in the struggle and take the lead to implement the overall plan formulated by the party committee and government. Party committees, political and legal commissions, and leading group in charge of the crackdown must strengthen leadership, guidance, and coordination and promptly resolve problems that emerge in the process to ensure the smooth progress of the struggle. Departments directly under the provincial government must regard the maintenance of public order their bound duty; correctly handle the relationship between the struggle and their departments' operations; carry out the struggle as an important aspect of their operations; and conduct study, make plans, and implement them accordingly. Departments at all levels must consciously assume the responsibilities and successfully carry out the work. Departments directly under the provincial government must take a good lead. Every system and department must have clearly defined responsibility and power. At the same time, they must take the whole situation into account and coordinate with each other closely. Particularly when a public security, judicial, or other relevant department requests assistance and coordination in the investigation, no unit

shall refuse or merely go through the motion for any reason.

Jia Qinglin stressed: Party committees and governments shoulder the primary responsibility for maintaining public order in their respective areas. We must fully recognize the necessity and importance of the struggle from political perspective and carry out the struggle with a sense of responsibility toward the party, government, the people, and the law. We must carry out the struggle as something vital to the overall situation and as an important political issue. A leading cadre must be specific when discussing political issues; political issues must not be discussed in abstract. At present, we must pay particular attention to maintaining unity with the party Central Committee; safeguard the authority of the CPC Central Committee, with Comrade Jiang Zemin as its core; and ensure the implementation of central orders. We must keep in touch with the broad masses, and always show concern about their well-being. Attaching importance to this struggle reflects, in a sense, whether or not we have the mass viewpoint, and whether we stress politics or not. Only when we approach this issue from the political perspective can we maintain unity with the Central Committee and firmly implement central policy decisions. We must pay attention to creating a momentum and producing practical results in waging the struggle. We must pay attention to the boundary of policy and at the same time act in strict accordance with the law. We must carry out the struggle by mobilizing the masses and organically integrate the struggle with our drive to strengthen the building of a public security and judicial contingent. We must earnestly implement the policy decision and plans of the Central Committee and the provincial party committee, organize the struggle meticulously, work out detailed plans, and coordinate the campaign to ensure maximum results and make positive contributions to accomplishing Fujian's magnificent goal of economic and social development.

Lin Zhaoxu relayed the Central Committee's important guidelines on public order and social stability. Huang Songlu relayed the arrangement made by the provincial party committee and government on launching the crackdown.



**PRC: Crackdown on Pirated Albums Said To Help U.S. Sales**

*OW1505140996 Beijing China Radio International in Mandarin to Hong Kong, Macao, the Zhu Jiang Delta, and Southeast Asia 0900 GMT 15 May 96*

[From the "News and Report on Current Events" program]

[FBIS Translated Text] China's effective actions of protecting intellectual property rights and cracking down on pirated audio and video products in the past two years have benefited domestic and overseas record manufacturers. Not only have orders received by eight leading Chinese record companies increased generally, but the quantity of records made by overseas companies and distributed inside China have also increased markedly through copyright trading. In particular, the album of the "Lion King," whose copyright was sold by Disney, created the highest sales — with 1.4 million pieces — of all foreign albums. Zhang Yanbin, deputy director of Shanghai Audio and Video Teaching Materials Publishing House, which distributed the album of the "Lion King," said that the continuous and effective actions cracking down on piracy in all parts of China was a major reason for the success of the American album in China.

In the past two years, while continuously improving the legal system for protecting intellectual property rights, China has also taken intensive and effective actions to crack down on piracy and other activities infringing on copyrights. In many large and medium-sized cities, the administrative organs managing audio and video products set up inspection teams and hotlines for exposing piracy cases. At the same time, training was given to people engaged in audio and video wholesale and retail business, and necessary management regulations were adopted for this trade. Through various channels, including the mass media, consumers were encouraged and prompted to buy albums with copyrights. In particular, the sources of pirated albums were first eliminated in the actions to eliminate pirated goods, with an illegal audio-video market in Guangdong's Panyu being closed down and another in Zhejiang's Yiwu being re-organized. In addition, special inspectors were sent to various CD plants to supervise the production of audio and video goods. Six plants producing pirated goods were closed. The crackdowns provided a broader market for legal record manufacturers. After the successful sales of the Lion King album in China, Disney continued to sell the copyright of other classic Disney cartoon videos and records to the Shanghai publishing house. Five major record companies in the world, including those in the United States, Japan, and the Netherlands,

also came to Shanghai to contact their partners and discuss the transfer of copyrights on their products.

**PRC: Xinjiang Launches 'Severe' Crackdown**

*OW1505125396 Urumqi XINJIANG RIBAO in Chinese 29 Apr 96 p 1*

[By reporter He Shihong (6378 0013 4767) and correspondent Li Shusen (2621 2885 2773)]

[FBIS Translated Text] The nationwide action of "severely cracking down on crimes," which was mainly directed at cracking down on serious violent crimes, gang crimes, robbery, murder, theft, manufacturing and trafficking narcotics, and illegally manufacturing firearms, began in all parts of Xinjiang on the early morning of 26 April.

As of 27 April, more than 1,300 lawbreakers of various types had been arrested in this action, and 866 criminal cases of various types were cracked, including 158 serious cases. The action also destroyed 70 criminal organizations of various types, seized more than 13,000 bullets and 34 guns, confiscated 1.185 million yuan of ill-gotten money, and arrested 104 wanted criminals at large. The action dealt a heavy blow to criminals and lawbreakers.

The nationwide "severe crackdown" was arranged by the party Central Committee and was a major measure for maintaining law and order in society and keeping social stability.

The current, grave situation in this region's public order has become a serious problem affecting the image of the party and the government. On 19 April, the autonomous region held a telephone conference to mobilize and arrange the "severe crackdown" and called for being firmly determined, taking extraordinary measures, concentrating strength and time, and organizing several rounds of shocking and deterring "100-day severe crackdown" action.

Li Fengzi, member of the provincial party committee standing committee and secretary of the political and law committee, gave a speech at the meeting. He demanded that local party committees and governments at all levels strengthen their leadership, carefully arrange their actions, and mobilize the participation of all social quarters. He said: Leaders at all levels must keep a strong sense of responsibility to the people, commit themselves to safeguarding the public order in their own areas and protecting the safety of the people there. Principal party and government leaders in the areas where anticrime action is not effective enough and the condition of law and order is not improved must

be blamed and censured. In the "severe crackdown," a number of major criminal cases should be cracked; a number of criminals at large should be arrested; a number of people who committed serious crimes should be severely punished; gangs and criminal organizations should be destroyed; and intensive and effective actions should be taken to improve the public order in some areas, departments, and traffic lines where the situation was serious. Leaders of the regional public security department, court, procuratorate, and justice department also expressed their determination at the meeting to carry out the arrangements made by the national and

regional meetings on severely cracking down on crimes, bring the functions of their institutions into full play, intensify the crackdown, take more effective measures, more rapidly handle cases, and guarantee the smooth development of the "severe crackdown."

At present, under the leadership of the local party committees and governments, the public security organs at all levels in all parts of Xinjiang are carrying out the anticrime struggle in depth by making careful arrangements and taking effective actions according to their local characteristics.



### General

#### PRC: Experts Issue 'Eight-Point' Proposal for Ending Poverty

OW1505143696 Beijing XINHUA in English  
1347 GMT 15 May 96

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — China is expected to meet its goal of ending poverty among its remaining 65 million poor people by the turn of the century.

It will mean the world's most populated country starting the 21st century by waving goodbye to poverty, experts have predicted.

They say that the basic needs of the remaining poverty-stricken people have to be met through upgrading agriculture and developing the country's food industry.

That forms the first point in an eight-point way experts have suggested to help erase China's poverty problems by the year 2000.

More money needs to be spent on agriculture to help farmers have better farming conditions in poverty-stricken regions, say leading experts.

Target areas for help is vast stretches of farmland mostly located in remote areas.

The experts from the Chinese Academy of Social Science (CASS) and the State Statistics Bureau (SSB) said in an interview that they have written an eight-point prescription to enable China to meet its vow to sweep out poverty among its population by 2000.

China has 65 million people with annual incomes less than 530 yuan (64 US dollars). Those people - ranked by the government in 1995 as "definitely poor" - account for 7.1 percent of the country's total rural population.

China has to face an annual task of helping at least 13 million to escape poverty to meet its target for the year of 2000.

The central government launched a campaign in 1994 to help poverty-stricken people, aiming to increase their annual income from 300 to 500 yuan (according to 1990's fixed price), an annual growth of 9 percent.

Rich in natural and mineral resources, the regions should be given aid to make full use of the resources to develop mineral, architectural, food processing and service industries, one expert from the CASS says, ranking it as one of the eight points in the "poverty escape" plan.

This would also increase employment in the regions, he added.

The experts also want to encourage people leave the poorer regions and work in the economically-thriving ones, both to earn good livings and learn new working skills.

It will help the poor regions to develop their own industries when these workers return home, one expert says.

Other points listed suggest that poor regions develop science and technology, build infrastructure, use aid-poverty funding more efficiently, advocate family-planning and establish a watchdog-net for aid-poverty work.

An expert from the CASS says there are favorable conditions for achieving the great target of eliminating poverty by the end of the century.

He has urged the local authorities to exert efforts, including allocating money, in solving poverty problems. Funds from the rest of society should also circulate to the poor regions.

Another expert harmonized his colleague, suggesting the central government needs to put more money into the poor regions. It should also establish a strict watchdog net to ensure that the aid is used efficiently.

#### \*PRC: Prices of Passenger Automobiles Viewed

96CE0207A Beijing JINGJI RIBAO in Chinese  
1 Mar 96 p 7

[Article by Jie Wei (6328 0251), reporter, and Pan Chuanglong (3382 0278 7893), intern: "Passenger Car Prices Not Expected To Plunge"]

[FBIS Translated Text] Under the "Ninth Five-Year Plan," China's auto industry, as the country's mainstay industry, will be treated favorably by the state's preferential policies. The state has made clear the strategic goal of focusing on the auto industry's development and has decided to invest 120 billion yuan during the "Ninth Five-Year Plan" to accelerate that development.

Since January, passenger car manufacturing enterprises have lowered prices to direct-use customers as well as wholesale prices. The price of a small Hongqi sedan has been lowered by 17,000 yuan, a Jieda by nearly 20,000, and a Sangtana by 10-20,000 yuan. Such drastic price reductions and the long period of price adjustments have been rare in China's auto market in recent years. At the heel of the lowering of import tariffs on 1 April, many people expect passenger car prices to drop again.

But according to China Automobile Industry Import-Export Corporation's expert forecasts, after the 30

percent overall reduction in China's import tariffs, passenger car prices are not expected to drop further.

Generally speaking, what determines the price of automobiles are the production cost, market supply and demand, and state policies. This year's import tariff reduction is a state policy and is only one aspect, and although it will have some effect on auto prices, there are also the factors of production cost, supply-demand, and state policies other than tariffs. The tariff factor alone will have limited impact on the country's passenger car prices in the market.

From the point of auto production cost, both the production scale and the rate of conversion to Chinese product have risen in recent years, and although the prices of Chinese-made passenger cars have indeed fallen continuously, the drop has been gradual. If we look at the law of auto production worldwide, only upon reaching a production rate of 150,000 cars will there be a significant drop in cost. Based on this standard, only Sangtana cars meet the requirement. Early this year, we already saw the most drastic price reduction for Sangtana cars in the 1990's. The production of other models are still in limited scale, and they are not likely to lower their prices drastically.

If we look at the market supply and demand in the passenger car market, currently, demand is still for business and commercial use; demand for personal use may be rising, but still accounts for a small market share. In the wake of the limit the state puts on party and government officials' use of imported passenger cars, there will be little increase in the demand for imports this year. Since the second half of 1994, due to lack of demand, the number of imported cars has declined, and imported passenger cars' impact on the domestic market has diminished. In the first half of last year, imported cars' share of the domestic market fell to 7.4 percent; imported passenger cars, which have long dominated the domestic market, have seen their market share dropped to 35 percent. The diminishing role of imported passenger cars in China's auto market will be a long-term trend.

In the wake of promulgating its policy toward the auto industry, China is trying to develop its auto industry as a mainstay industry. According to a China Automobile Import-Export Corporation's import department expert analysis, this round of drastic tariff reductions has greatly lowered the tariffs on imported cars. Since this round of tariff reduction involves more than 4,000 of the more than 6,000 different kinds of tariffs, although the average reduction is more than 30 percent, the impact will be different on different products. As far as imported passenger cars are concerned, their prices are

affected mainly by the CIF [cost, insurance, and freight] price, various expenses, and taxes. Taxes and expenses are 1.6 times and 0.2 times, respectively, the price of an imported car. China's customs has implemented a new minimal price system which will effectively eliminate the practice of suppressing the reported price of imports, and in turn, the disparities in imported car prices in the market will be greatly reduced.

Furthermore, State Planning Commission experts believe that as we lower the tariffs this time, we will also sort out and standardize various import tariffs and import tax reductions and exemptions, and the foreign-funded enterprises' imports will be extended national treatment. For the above reasons, China will no longer offer the 50 percent tax-break on barter trade in passenger cars or the tariff reduction and exemption on cars imported by the three kinds of wholly or partially foreign-owned enterprises for their own use and so on. Import tariffs on those passenger cars will rise.

In summing up the analyses in the above three areas, experts believe that China's passenger car market will be active this year, but price changes will emphasize stability; there will be no drastic reduction in the price of Chinese-made passenger cars, nor will the price of imported passenger cars be much lower; some prices may even rise. The impact of this round of tariff reduction on the domestic passenger car market is more psychological than real.

**\*PRC: State, Local Policies Toward Auto Industry Viewed**

96CE0207B Beijing JINGJI RIBAO in Chinese  
6 Mar 96 p 1

[Article: "How Do We Implement the Policy Toward the Auto Industry — Local and Departmental Management and Consumption Policies Must Not Contradict State Policies"]

[FBIS Translated Text] In his proposal, Dong Weixian [5516 4850 0341], Chinese People's Political Consultative Conference [CPPCC] member, frankly said that the specific management and consumption policies drawn up by some departments and localities actually violated the "Policy Toward the Automobile Industry." In the long-run, will this have a negative impact on the development of the country's auto industry? Should China develop a national auto industry? Will the state's industrial policy be "delayed" or even "ignored"?

In a proposal, Dong Weixian of the CPPCC said that the State Council's "Policy Toward the Automobile Industry" has promoted the industry's healthy development and has also laid the foundation for developing



the auto industry into a national mainstay industry by the year 2010, but in implementing that policy, some departments and localities have also formulated specific management policies that contradict the state's industrial policy, and the central authorities should be aware and take measures to smooth things out; otherwise, not only will it have a negative impact on the auto industry, but it will also undermine the healthy development of the national economy.

Commissioner Dong made the following points:

#### **Should Economy Cars Be Produced?**

Article 3 of the "Policy Toward the Automobile Industry" clearly states that China's development of auto manufacturing should emphasize the production of economy cars. The CPC Central Committee's "Suggestions on Formulating the 'Ninth Five-Year Plan' for National Economic and Social Development and the Long-Term Goals for 2010" also clearly states that "the auto industry should emphasize the development of parts and components, economy cars, and heavy-duty motor vehicles." But the policies drawn up by some localities to implement this policy should be looked at carefully. For example, early this year, Shanghai introduced new standards in selecting car models used for taxi cabs. Those standards stipulate that newly-added and refurbished cars used by taxi cab companies in Shanghai must meet the following requirements: They must (i) have larger than 1.6 liter engine displacement, and (ii) have three compartments [sanxiang 0005 1666]. According to those specifications, Xiali, Fukang, Aotuo, and other economy cars that make up more than half of Shanghai's available taxis now will be kicked out of the Bund, and to fill the void will be Sangtana, Audi, Jieda and other intermediate and luxury cars. This approach is not consistent with the state's guiding principle of emphasizing the development of economy cars. If we look at the current living standard, the original intention of developing the taxi cab industry was to meet the people's transportation needs. What kind of cars people ride in should be their free choice based on their economic situation and social condition; the government should not restrict them with administrative measures.

Coincidentally, in February of this year, Beijing introduced a new measure to reduce traffic in certain parts of the city. It is stipulated that jeeps, station wagons, vans, and minivans (with displacement of under 1 liter) are assigned even and odd days on certain road sections based on their license plate number. With this new measure, more than 90 percent of the cars being restricted are Chinese-made economy cars like the Xiali, Beijing 2020, Aotuo, Changan, Dafa, and Changhe; and meanwhile luxury cars with large displacement and most im-

ports will not be affected. While the developed countries are relying on stiff taxes to limit large displacement and gas-guzzling luxury sedans and other developing countries are limiting imports to support their national auto industries, China's approach has triggered heated debates.

#### **Should Individuals Purchase Automobiles?**

The "Policy Toward the Automobile Industry" stipulates "gradually changing the consumption structure which relies heavily on government organs, groups, institutions, and state-owned enterprises to purchase and make use of small cars with public money"; it says "the state should encourage individuals to make car purchases" and "no locality or department may use administrative and economic means to interfere with individuals' purchase and utilization of cars from legal sources." This is because only when the auto consumption structure is dominated by individual purchases instead of public purchases can the auto industry put an end to the self-imposed limitation which has become a vicious circle. Encouraging individuals to make auto purchases is the auto industry's only way out; it is the prerequisite to developing the auto industry into the nation's mainstay industry. But currently, some departments are still trying vigorously to limit the development of small cars for personal use. The people are puzzled.

#### **Should More Parking Spaces Be Provided?**

The "Policy Toward the Automobile Industry" stipulates that "all localities and departments should take active measures to lend support and protection to the management of auto licensing, parking garages, gas stations, drivers' training schools, and other facilities and systems."

Today, because construction of parking garages is lagging far behind in most large cities nationwide, the parking problem has become a social hot point. To resolve this problem, last year, [Commissioner Dong] submitted a document before the CPPCC entitled "Several Proposals on Treating the Planning and Construction of Parking Garages as a Key Point in Urban Construction and Development." It contained nine suggestions on formulating laws to manage, plan, and raise funds to build parking garages; standardizing the design for automated parking garages; utilizing vacant city lots to build parking garages; urban planning; and constructing parking garages for high-rise building and residential buildings. The proposal was very sincere in offering solutions to the government's problems. But in the aftermath, the response from the department in charge was a total surprise. The department said, "Inadequate parking spaces in the cities will act as an effective means to reduce

pressure on city roads and limit personal use of small cars. In formulating urban traffic plans, many cities are giving comprehensive consideration to limiting the use of small cars."

They not only did not address the issue of how to deal with the lagging parking garage construction problem, but they "deliberately want to make parking spaces scarce." If the department in charge does not actively solve the parking lot problem but makes it a policy to "deliberately make parking spaces scarce," that method should be looked at closely, because it contradicts the state's industrial policy and the Central Committee's policy of making the auto industry the nation's mainstay industry.

Commissioner Dong hopes for consensus and cooperation in implementing the policy toward the auto industry. To resolve the incongruity between departmental and industrial policies, the key lies in correctly handling the relationship between the interests of some and that of the whole, between the immediate and the long-term, between local and state interests, and between administrative measures and market mechanisms. Only by properly handling their relations so that the departments and localities work together with one heart and one mind can the state's industrial policy be truly carried out.

**\*PRC: Prospects for Auto Industry Discussed**  
96CE0207C Beijing JINGJI RIBAO in Chinese  
12 Mar 96 p 6

[Article by Jiang Yizi (5594 0001 1311): "Developing an Auto Industry That Suits the Country's Conditions" (Part 1) — Let Some People Drive While Developing 'Convenient Transport' Projects for the Masses"]

[FBIS Translated Text] Automobiles becoming a household item is a historic inevitability, but in China, it will take a while before car-ownership becomes a universal phenomenon. For some time to come, most families will not own cars, and therefore, in developing the automobile industry, we should also focus on solving the masses' transportation problems.

China's passenger transportation industry should follow two guiding principles: (1) Some people should drive, and (2) "convenient transport" projects should be developed for the masses. This means, on the one hand, we should develop an international-standard auto industry that produces buses, luxury sedans, limousines for foreign guests, and exports; on the other hand, we must focus on solving the masses' transportation problems and undertake "convenient transport" projects. We should spend 15 years to set up the world's best-developed public transportation and taxi cab system, develop an inexpensive and practical "national car" that meets the

needs of low-income citizens, and give priority to develop the concepts of private purchases with public assistance and "company cars" that combine private and public uses.

There is no international standard measuring car-ownership among families. In the United States, Europe, and Japan, when the ownership rate reached about 30 cars per 1,000 population and family ownership rate reached 10 percent or so, it marked the point where cars became a household item.

When the United States, Europe, and Japan reached that point, their per capita GNP were \$500, \$800, and \$1,000 respectively. But because the real value of the U.S. dollar declined over time, by the time car ownership became a household item en masse in the 1980's, the per capita GNP was \$2,500 to \$3,000. In Taiwan, when the car ownership rate reached 32 per 1,000 population in 1981, the per capita GNP was \$2,503; in Korea, when car ownership reached 37 per 1,000 population, the per capita GNP was \$2,690. When the per capita GNP reaches \$1,000 in China, cars will not yet become a household item en masse.

In addition, other factors such as national income distribution, the income to car price ratio, people's consumption and accumulation, people's consumption preferences, the extent of urbanization, and government policies also affect the universality of car ownership.

Among countries that achieved a car-ownership rate of around 30 or more per 1,000 population in the 1980's, because of different degrees of fairness in income distribution, the per capita GNP also differed. It will be unscientific to apply the average standard of foreign countries to some developed regions in this country.

For the United States and Japan, their average family income was 1.5 to 2 times the per capita GNP; the auto price to per capita GNP ratio was about 1; the auto price to the average annual family income ratio was about 0.5, which meant a car could be purchased with half a year's family income, but only a little more than 5 percent of the families actually made that purchase. These families' income were higher than average. For example, a worker in the Ford Company earned \$5 a day; his annual income was \$1,500, and with 3 months' income, he could buy a Model T that cost \$350. Only when purchasing a car is a major expenditure for the family will many families buy cars to "drive to and from work and for fun," and only then will many families own cars.

When government and enterprises develop economy cars, they set the stage for massive car ownership by families. The United States, Europe, and Japan all



developed their own economy cars such as the Model T, the Beetle, the 126P, and light-duty four wheel drive vehicles.

Cars are used mainly in the urban centers, and therefore the extent of urbanization affects the popularity of cars.

The per capita GNP in China is low; there is a large low-income class and a very small high-income class, which delays the formation of a large class of people with the purchasing power to buy cars. Today, we should give preference to developing economy cars catered to people with low purchasing power. China's urbanization rate is low; small town activities are confined to a small radius, and most people do not travel much, which keeps the utilization rate of automobiles relatively low. Compared to the developed countries, even when our per capita GNP is comparable to theirs, universal ownership rate will be lower, and it will take longer for car ownership to become widespread.

If we compare the five developing countries of Indonesia, Pakistan, India, Bangladesh, and China, we will find that, on the one hand, China has few automobiles but is developing rapidly. On the other hand, when we reach the same per capita GNP, universal ownership rate is lower in China. Both China and India have huge populations; the per capita GNP are similar, but India has more than four times the number of cars as China. This is because India's income distribution is uneven and very much polarized; there are 200 million middle class people and tens of million of the very rich. India developed its "national car" — Aotuo — in the 1980's; it was an inexpensive car.

China has a huge population base and is a large market with a low car-ownership rate.

By the year 2000, China's per capita income is expected to be \$800, and based on 7 cars per 1,000 population, the 1.2 billion people will mean ownership of 8 million cars.

The reason private car ownership rate is low in China is that most high-income workers do not work in public units; they have to worry about unemployment, failure, and serious illness, and they have to buy houses and pay for their children's education as well as save for emergencies. Those in business for themselves have to build capital in order to expand their business. The same problems plague wage-earners. Traditional risk aversion and concept of saving for the unexpected prompt most people to put their money in the banks.

Traditionally, Chinese people want to have a nest egg. Houses appreciate in value and are good investments; cars are a consumer good that depreciate in value. Regular maintenance cost of a house is low, and not

owning a house also means paying rent. The regular maintenance cost of a car is high. The combination of the state's major policies, traditional ideas, and economic considerations makes home-buying the trend, and car-buying is affected by home purchases.

When the per capita GNP exceeds \$2,500, at the car-ownership rate of 30 cars per 1,000 population, more than 5 percent of the households will own cars. China's 1.3 billion people will own 40 million cars, which is equivalent to what Japan owns at this time.

According to China's economic and car development situations, cars will not enter the family picture en masse until the 21st century.

The history of automobile development in the cities of the well-developed countries shows that when the ownership rate exceeds 40 cars per 1,000 population, traffic jams and other "urban syndromes" will appear. Today, in order to solve the traffic jam problem, auto industries worldwide have developed new technologies and traffic control methods. China has another 20 years or so to work on technological improvements and urban changes to deal with the traffic problems.

By the middle of the next century, China's per capita GNP will reach \$4,000, and car ownership rate will reach 100 per 1,000 population; approximately one in three households will own cars. With China's population of 1.5 billion, car ownership will reach 150 million, which is close to the ownership rate and traffic density of the United States today, and at that time, we will face serious traffic jams. But most developed countries have already developed or are developing all sorts of energy conservation methods, new energy resources, low-to-zero pollution materials, and safety techniques, and they are putting large amounts of resources into comprehensive urban transformation and are vigorously developing public transportation and advanced traffic control methods to restrict automobiles in high traffic areas to ease the basic conflicts. Therefore, for the country as a whole, there are possibilities.

China is a large, densely populated country. Universal car-ownership will be a long historical process. Within the next 30-50 years, most people and families will not own cars; within the next 15 years, only a small number of people will own cars. China has limited per capita resources and farmland; we must protect the environment; a socialist country must achieve social fairness, and therefore automobile development must be tailored to the national situation and serve the people. In establishing a Chinese-style passenger transport system in both town and country, regardless of in the short-run or in the long-run, we must focus on vigorously

developing public transportation and set up a diverse transportation system.

**PRC: Government To End 'Notorious Cocoon War'**  
OW1505154296 Beijing XINHUA in English  
1420 GMT 15 May 96

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — The Chinese government is to end a notorious cocoon war that has torn the country's silk industry apart.

A national silk and cocoon corporation will be established and play the role as a top controller of the country's silk industry.

The country is to carry out a comprehensive reform program in its debt-ridden silk business, aiming at halting the decrease in exports and heavy shortage of cocoons for large silk mills.

Addressing a national conference on cocoon and silk production today, Yu Xiaosong, vice-minister of State Economics and Trade Commission, said that through the reform, China will establish a unified management system to adjust silk production as an independent business, instead of several parts belonging to different industries.

The proposed corporation will specialize in arranging silkworm egg raising, cocoon purchasing and silk production, as well as promoting silk exports.

China's silk cocoons were once solely managed by China Silk Imports and Exports Company. But the monopoly was broken in 1988 when a price war broke out all over the country, and cocoon resources were quickly eaten away by the mushrooming local silk mills in the following years.

A chaotic price war directly led to a hike in production costs and decline in product quality, according to Yu.

Moreover, he said, the central government will launch a rectification drive among silk reeling mills in the countryside, which took away most of the raw materials from larger plants, and caused a shutdown of hundreds of state-owned mills in urban areas.

The overnight mushrooming of small reeling mills in the 1990s resulted in a surplus of production capacity. To meet the country's silk reeling capacity, there should be an output of 950,000 tons of fresh cocoons every year, 270,000 tons higher than the current 680,000 tons.

Yu said that small-sized and technically backward reeling mills will be shut down or merged with other companies in the near future, and the licensing of silk reeling factories will be under tight control.

The reform will also include issuing regulations for silk cocoon trade, expanding the involvement of central government in cocoon price control, and strengthening the construction of semicultural institutes and silkworm raising bases.

However, the country's cocoon purchase still faces a gloomy year.

A national silk market adjustment system will be brought into operation to lower the market risk as much as possible. The system will consist of a risk fund for cocoon purchase and cocoon reserves of the state and local governments.

The two-tie cocoon reserves aimed at getting rid of price fluctuations will maintain the balance between demand and supply, Yu said.

## Finance & Banking

**PRC: Finance Official: Yuan Devaluation 'Will Not Happen'**

OW1505131496 Beijing XINHUA in English  
1239 GMT 15 May 96

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — The Chinese currency, the yuan, will continue to be relatively stable throughout the year, a spokesman of the State Administration of Exchange Control said in Beijing today, warning exporters not to expect a cheaper yuan to boost their business.

A devaluation of the yuan will not happen, the spokesman said.

"The prospects for a balance in foreign exchange supply and demand are generally good and therefore the exchange rate of the yuan will remain relatively stable," the spokesman said.

He said that, though China recorded a foreign trade deficit of 1.15 billion US dollars in the first four months of this year, the fundamentals of the foreign exchange market have not changed, as reflected by a basically stable yuan.

He explained that as equipment imports by foreign-funded ventures have been paid for in the form of capital investment or in kind, a trade deficit in the first quarter has not left a big impact on the overall balance of foreign exchange supply and demand.

When imports of this sort are not calculated, China's foreign trade balance in the first three months should be a favorable 3.65 billion US dollars, with two billion US dollars of the amount reaped by domestic enterprises, according to the spokesman.



The spokesman also said that buying of foreign exchange by Chinese banks was 5.28 billion US dollars more than selling between January and March, adding that foreign-funded ventures sold a net 2.19 billion US dollars worth of foreign exchange during the period.

Statistics show that China had a foreign exchange reserve of 80.83 billion US dollars at the end of March, up 7.2 billion US dollars from the end of 1995.

The spokesman said that a year-round balance on the current account is "optimistically likely" so long as the policies on export tax rebates are implemented as planned and nothing unexpected happens in world economy and trade.

"Therefore the exchange rate of the yuan won't be much pressed to fluctuate," he said.

He also said that "the authorities will continue to use the firm backing of China's abundant foreign exchange reserves to support a stable exchange rate (of the yuan)", adding that even a year-end small foreign trade deficit will not greatly affect the exchange rate.

Some enterprises, said the spokesman, are quite pessimistic about exports and expect a devaluation of the yuan to help improve their businesses.

"We hope those enterprises will make realistic judgments of their own," he said. "The yuan will not be artificially devalued under the current realities of foreign exchange supply exceeding demand."

The spokesman explained that an artificial devaluation of the yuan to boost exports will dampen on-going efforts by enterprises to readjust their export strategies and product mix by pursuing efficiency and quality.

"It will also force the central bank to increase the supply of money and therefore exacerbate inflationary pressures," the spokesman said.

#### **PRC: Devaluation of Renminbi Not Expected**

*OW1605043996 Beijing ZHONGGUO XINWEN SHE in English 0200 GMT 16 May 96*

[FBIS Transcribed Text] May 15 (CNS) — Some enterprises tended to prefer the devaluation of the renminbi so as to stimulate the export trade which had been in decline since this year. The State Administration of Exchange Control however ruled out the possibility of lowering the exchange rate of the currency.

The spokesman of the administration pointed out that the exchange rate of the renminbi was decided by the market demand and supply while at the same time the stability of the currency was mainly due to the great supply of China's foreign exchange. Meanwhile the exchange rate of the renminbi is the main part of

the state monetary policy which is set to maintain the stability of the currency and promote economic growth. The exchange rate policy has to help achieve this end.

The spokesman noted that the abundant supply of foreign exchange made it impossible the devaluation of the renminbi. Should the renminbi be devalued at this stage to boost the export trade, there would have adverse impacts on enterprises' current restructuring of the export strategy and the pattern of export products. As a result it may lead to a rise in money supply of the central bank and then the inflationary pressure will grow, all of which go against the monetary policy.

The spokesman said that export enterprises should take into account the overall situation in the wake of the reform of the foreign exchange system after 1994. He added that these enterprises should make an internal restructuring of their management system and make a right judgement.

#### **PRC: Government Body Predicts Steady Exchange Rate for Renminbi**

*OW1605043196 Beijing ZHONGGUO XINWEN SHE in English 0159 GMT 16 May 96*

[FBIS Transcribed Text] May 15 (CNS) — Although exports fell by 7.7 per cent in the first four months of this year, a spokesman from the State Administration of Exchange Control expected a balance on current account this year. The stability of the renminbi will be little affected even though there are foreign trade deficits.

If policies such as export tax rebates can be executed according to the plan and there are no large unexpected events in international trade, the contradiction of excessive supply of foreign exchanges will be relieved. With abundant foreign exchange reserves of the State, the exchange rate of renminbi will continue to be steady.

There has been negative growth in exports since last November; the foreign trade deficits for the first four months of this year was US\$ 700 million. Experts from the State Administration of Exchange Control think that this is the result of the adjustment to China's trading policy.

Despite this, the supply of foreign exchanges in the State is larger than demand. By the end of March, foreign exchange reserves amounted to US\$ 80.8 billion, an increase of US\$ 7.2 billion over the end of last year. The settlement of exchanges in banks shows that foreign exchanges sold by the mainland enterprises to banks were more than the foreign exchanges sold by banks by US\$ 5.28 billion. The foreign exchanges sold by foreign-funded enterprises to the inter-bank foreign exchange market was near US\$ 2.2 billion.

In April, under the situation of continuous deficits in foreign trade, renminbi did not depreciate as expected but picked up by 38 points compared with the end of March to an exchange rate of RMB 8.3301 against US\$ 1.

This was because the relationship between supply and demand for foreign exchanges had not changed. In the first quarter of this year, there was a balance between revenue and expenditure in foreign trade value. Foreign investment increased by 13 per cent compared with the same period of last year, which in turn supported the stability of the exchange rate of renminbi. The US\$ 2 billion trade surplus of domestic enterprises in the first quarter of this year will be sold to banks in the second quarter of this year, thereby increasing the supply of foreign exchanges and stabilising the exchange rate of renminbi.

**PRC: Explanation of Term 'Demand-Pull Price Hikes'**

OW1505142796 Beijing XINHUA Domestic Service in Chinese 2111 GMT 20 Apr 96

[FBIS Translated Text] Beijing, 21 Apr (XINHUA) — The following is the explanation of a term in the "Outline": demand-pull price hikes.

Demand-pull price hikes refer to price hikes caused by demand that is greater than the supply.

The main form of demand-pull price hikes is, due to changes in seasons and trends, the demand for a certain commodity increases sharply in a short period of time; due to the increase in long-term demand for a certain commodity, the price of the commodity continues to increase; when the quantity of currency supply exceeds the need in economic development and excessive currency is circulating in the market, the relative scarcity of commodities as compared with currency may also raise the prices of many commodities.

In the first situation, things are basically normal, and no intervention is needed. In the second situation, as the supply is constrained by natural conditions and cannot be increased, the prices of the affected commodities, such as the mineral products with limited reserve, should be raised to restrain consumption; or the development of substitutes should be encouraged. As for ordinary processed goods, the scale of production can be expanded to increase supply and draw the prices lower. The third situation should be prevented as much as possible. Once the third situation happens, measures should be taken without delay to restrain the demand.

**PRC: Provincial State Development Bank Loans Discussed**

OW1405155996 Beijing XINHUA in English 1459 GMT 14 May 96

[FBIS Transcribed Text] Wuhan, May 14 (XINHUA)— The State Development Bank of China will provide 54.7 billion yuan in loans this year to central and west China to fuel local economic development.

The loans account for 71.6 percent of the bank's preliminarily planned quota for 1996 set by the central bank, said SDB president Yao Zhenyan here over the weekend.

According to Yao, SDB loans for central and western parts of China have been increasing since the national "policy-oriented" bank was opened in 1994.

The bank made a total of 53.5 billion yuan in loans to these areas in 1994 and the volume climbed to 58.4 billion yuan in 1995, accounting for 67 percent of SDB's credit that year.

In helping less-developed economies in those areas, the central government has launched a group of large capital projects there in recent years, including building an automotive base, a hydro-electric power plant, and a chemical fertilizer plant in Hubei Province, in addition to the multi-billion yuan Three-Gorge Dam construction.

In southwestern Sichuan and northwestern Shaanxi provinces, state key projects under construction include the Ertan hydro-electric power station, the Baoji-Chengdu multi-track railway, and the expansion project of the Panzhihua Iron and Steel Corporation.

For smoother switching of funds to the projects, SDB opened a branch in Wuhan, capital city of Hubei Province, and representative offices in Xian, capital of Shaanxi and Chengdu, capital of Sichuan.

**PRC: National Bonds Worth RMB 130 Billion Issued**

OW1605043896 Beijing ZHONGGUO XINWEN SHE in English 0200 GMT 16 May 96

[FBIS Transcribed Text] 15 May (CNS) — To date, China has issued national bonds worth RMB 130 billion, including RMB 30 billion name-bearing bonds to be issued today.

Excluding the short-term bonds that can be redeemed within a year, the aggregate value of the national bonds designated for the current year is RMB 195 billion, representing a considerable margin of increase over 1995, according to a Finance Ministry official.



"However, being the most important way and means of raising capital for premier projects and offsetting financial deficits, the state and the Ministry of Finance have financial reliance on the national bonds", said the official.

In 1996, six launches of national bonds have been made with four more to be expected later the year.

Bonds issued earlier on were respectively three-month, (i.e. Redeemable within three months), six-month, one-year, three-year and listed types as opposed to the unlisted five-year bonds at a 13.06 per cent interest rate to be issued today.

By the end of 1995, the aggregate amount of circulated national bonds accounted for 5 per cent of China's GDP which was a very inferior ratio compared with other wealthy countries. Policy-makers, investors and scholars share the same opinion that the issuance of national bonds should have an appropriate size.

#### PRC: Central Bank Official on Interest Rates

HK1605064996 Beijing RENMIN RIBAO in Chinese  
1 May 96 p 2

[Report: "Why Deposit and Loan Interests Rates Are To Be Lowered — Person in Charge at People's Bank of China Answers Reporter's Questions"]

[PTS Translated Text for FBIS] Beijing, 30 April — With the State Council's approval, the People's Bank of China has decided that financial institutions should properly lower interest rates on deposits and loans beginning 1 May. With this issue in mind, this reporter has interviewed a person in charge at the People's Bank of China.

**Question: Why should financial institutions lower interest rates on deposits and loans?**

**Answer:** Given an overheated economy and soaring prices, the People's Bank of China twice raised interest rates on deposits and loans in May and July of 1993, and twice raised interest rates on loans in January and July of 1995. These interest rate readjustments, together with reform measures introduced since 1994, have made important contributions to the country's inflation control. Now the state macroeconomic regulation and control have succeeded in checking inflation and bringing soaring prices down by a large margin. For six months — in the period between October 1995 and March 1996 — the country's retail prices increased at a rate lower than the interest rate on a one-year bank deposit. In the first quarter of this year, the country's price increase stood at 7.7 percent, 3.28 percent lower than the interest rate on a one-year bank deposit. Under such circumstances, prop-

erly lowering the interest rates on deposits and loans will help lighten the interest burden of debtor enterprises. Therefore, with the State Council's approval, the People's Bank of China has decided that financial institutions should properly lower interest rates on deposits and loans with a view to safeguarding depositors' real interests; lightening the interest burden on enterprises, especially large and medium-sized state-owned enterprises; and giving a positive impetus to the sustained, rapid, and healthy growth of the national economy.

**Question: What impact will the latest lowering of interest rates have on depositors' interest gains in real terms?**

**Answer:** Safeguarding the interests of depositors is an important principle guiding deposit interest rates. The latest deposit interest rate readjustment has embodied this principle. As interest on time deposits in financial institutions before 1 May is to be calculated at the original interest rates, and new interest rates are to come into force as of 1 May, depositors' interest gains will not be affected. Though nominal interest rates are to be lowered, depositors' real interest gain will still increase when bank deposit interest rates are compared with the rate of price increases. For instance, the one-year time deposit interest rate stood at 10.98 percent in the second half of 1993, and in 1994 and 1995. However, the rate of price increases in those three years stood at 13.2 percent, 21.7 percent, and 14.8 percent, respectively. This shows that the time deposit interest rate was 2.22 percent, 10.72 percent, and 3.82 percent, respectively, lower than the rate of price increases. Now, though the one-year time deposit interest rate is to be lowered from 10.98 percent to 9.18 percent, it is still higher than rate of price increases in the first quarter of this year. Compared with last year, depositors' actual interest gains will still increase. As a result of the latest round of interest rate readjustment, we have not only lowered interest rates on deposits, but also have lowered interest rates on loans, thus reducing interest payments on the part of enterprises, especially state-owned enterprises, this being conducive to the development of enterprises' production and operation. By so doing, we will be able to create more jobs, increase the income of urban and rural residents, and bring real benefits to broad masses of people.

**Question: What impact will the latest lowering of interest rates have on enterprises?**

**Answer:** Borrowers, especially state-owned enterprises that have borrowed the majority of loans, will benefit from the latest interest rate readjustment. As a result of the latest interest rate readjustment, the average interest rate for all sorts of loans has been lowered

by 0.75 percent, of which the interest rate for a one-year floating capital loan has been lowered from 12.06 percent to 10.98 percent, down by 1.08 percent. In addition, the People's Bank of China has decided that financial institutions should readjust the ceiling on interest rates for floating capital loans. As a result, financial institutions now are permitted to raise interest rates for floating capital loans by only 10 percent. Nevertheless, rural credit cooperatives still are permitted to raise loan interest rates by 40 percent. In addition, the interest rates for overdue loans have been lowered from 4-6 per 10,000 of the daily interest rate to 4 per 10,000 of the daily interest rate. (This means that interest on overdue loans is to be charged at this rate and not at the original interest rate plus an additional interest rate.) Interest rates for misappropriated loans have been lowered from 6-8 per 10,000 of the daily interest rate to 6 per 10,000 of the daily interest rate. By lowering interest rates on loans, readjusting the ceiling on loan interest rates, and lowering punitive interest rates, we are going to lighten the interest burden on enterprises in real terms and by a large margin.

**Question:** Does the latest lowering of interests rates on deposits and loans suggest that the central bank is set to relax control over the money market?

**Answer:** Generally speaking, raising interest rates at a time when prices remain stable means that control over the money market is to be tightened, whereas lowering interest rates at such a time means control over the money market is to be relaxed. Nevertheless, this time, we have decided to lower interest rates because prices have fallen. This shows that the latest lowering of interest rates does not mean that control over the money market is to be relaxed, nor does it suggest a change of the state policy of placing the currency supply under proper control.

### Foreign Trade & Investment

#### PRC: Audio, Visual Products Management Conference Opens

OW1605103396 Beijing XINHUA Domestic Service  
in Chinese 1324 GMT 15 May 96

[By reporter Wang Li (3769 7812)]

[FBIS Translated Text] Beijing, 15 May (XINHUA) — We must accurately take control of the present condition of the audio and visual products market, clearly understand the existing problems, work out a means to solve these problems, draw up effective measures for strengthening management, and establish a new operational mechanism and management mechanism so that the audio and visual products market can be managed according to a standardized, legal, and scientific method. These

remarks were emphasized by Liu Zhongde, deputy director of the CPC Central Committee's Propaganda Department and minister of culture, at a national conference on management of audio and visual products markets which was held today.

This is the first national conference on the management of audio and visual products markets convened by the Ministry of Culture since the CPC Central Committee and the State Council readjusted the management system for audio and visual products. At the conference, Liu Zhongde made a report entitled "Bear Responsibility, Strengthen Management, and Bring About a New Situation for the Prosperity and Development of the Audio and Visual Products Market."

Liu Zhongde said: Currently, there are 298 specialized audio-visual products publishing units, as well as units publishing books accompanied by audio-visual products, 270 recording plants, 25 laser disc player manufacturing plants, more than 1,000 wholesale units, 100,000 audio-visual product retail sale and rental units, and about 80,000 videotapes showing parlors in China, which receive an audience of more than 100 million people annually. He said with the development of the audio-visual products industry, management work has increased. Since the State Council promulgated the Regulations Governing the Management of Audio-Visual Products in August 1994, the Ministry of Culture has formulated and promulgated 11 regulations including the "Procedures for the Management of Wholesale, Retail Sale, Renting, and Showing of Audio-Visual Products," established law-enforcement contingents, strengthened supervision and inspection of cultural markets, and attached importance to the handling of major cases, effectively checking law-breaking criminal activities in the audio-visual products market.

At the same time, Liu Zhongde pointed out there are still numerous problems in China's audio-visual products markets. Illegal audio-visual products have not yet been exterminated; intellectual property rights are still being infringed upon; there has been no remarkable improvement in the number of original audio-visual products published by state audio-visual publishing units; pornographic and reactionary audio-visual products remain despite efforts to exterminate them; distribution by state audio-visual distribution units is in a state of chaos; and in some areas audio-visual products designed for family use are shown for business purposes. Liu Zhongde said it is necessary to further strengthen management of the audio-visual products market; to adopt effective measures to expand the market share by the original copies of audio-visual products; to strengthen the government's macro control over the audio-visual products market; to persist in



cracking down on pornography and illegal activities; to combine concentrated crackdown with day-to-day management; to protect intellectual property rights so as to enhance the initiative of creators and publishers; and to standardize business activities so as to protect legitimate business activities.

In his report, Liu Zhongde proposed major measures for strengthening the management of audio-visual products markets. He said: First, it is necessary to establish the major channel for state distribution to ensure the smooth flow of original audio-visual products into the market and increase their market share. Second, it is necessary to improve management in showing of videotapes to effectively protect intellectual property rights. Individuals or individuals in disguise are not permitted to engage in the business of showing videotapes. All videotapes that enter videotape showing parlors must have a certificate of approval from the Ministry of Culture. Third, it is necessary to vigorously expand audio-visual product rental businesses to allow healthy audio-visual programs to be seen by the masses. Fourth, it is necessary to establish large-scale audio-visual wholesale markets and crack down on illegal audio-visual products distribution centers. Fifth, it is necessary to strengthen management over the shipment and transfer of audio-visual products in order to prevent illegal products from entering the market. Besides, it is necessary to standardize market activities by re-registering audio-visual business units; to protect original audio-visual products by using unified fake-prevention labels; and to train more audio-visual products market management personnel and adopt modern and scientific management methods.

Responsible persons of the relevant management departments of the state, provinces, autonomous regions, and municipalities directly under the central government attended the conference.

**PRC: Audiovisual Market Rectification Announced for Jun-Aug**

OW1605104796 Beijing XINHUA Domestic Service in Chinese 1624 GMT 15 May 96

[By reporter Wang Li (3769 7812)]

[FBIS Translated Text] Beijing, 15 May (XINHUA) — This reporter learned from the national conference on audio-visual market control work which opened in Beijing today that to effectively strengthen control over the audio-visual market, the conference decided to rectify the market in a concentrated way in June, July, and August.

It has been learned that the main tasks of the present audio-visual market rectification are to rectify audio-visual display units and regularize main audio-visual

operating bodies in accordance with the stipulations of the State Council's "Regulations on Control of Audio-Visual Products" and the requirements of the relevant documents of the Ministry of Culture as well as the guidelines of the ministry's relevant meetings; severely crack down on various illegal audio-visual products; and set up main state-owned audio-visual distribution channels, expand the market share of original audio-visual products, and effectively protect intellectual property rights. While carrying out the concentrated rectification operation, administrative departments in charge of the audio-visual market at all levels should adopt a series of specific control measures in line with the unified requirements of the Ministry of Culture.

1. Do a good job of the verification and registration of audio-visual operating units in accordance with the Culture Ministry's "Measures of Management of Wholesale, Retail, Renting, and Showing of Audio-Visual Products" and "Circular Concerning the Re-verification and Registration of Audio-Visual Wholesale, Retail, Renting, and Showing Units." Registration of those who are unqualified should be postponed [zan huan 2548 4883], and those who still fail to meet required conditions in the three months of audio-visual market rectification should be firmly denied registration; licenses of the audio-visual operating units which commit serious legal violations should be revoked; and operations of such products without licenses should be firmly banned. The re-verification and registration of audio-visual wholesale, retail, renting, and display units should be completed as a whole within three months and the various audio-visual licenses, which are printed by the Ministry of Culture according to the State Council's "Regulations on the Control of Audio-Visual Products," should be distributed among them in a unified way in lieu of the old ones.

2. Carry out thorough checks of audio-visual retail, renting, and display units. The licenses of those who are discovered displaying audio-visual products with obscene or reactionary contents should be firmly revoked and fined; once discovered, illegal audio-visual products should be confiscated and destroyed and the licenses of the operators whose cases are serious should be revoked and they should be fined. Those displaying audio-visual products with obscene content or illegal audio-visual products whose cases are serious and who have broken criminal laws should be handed over to judicial organs for handling. Control of the transportation of audio-visual products should be strengthened in close coordination with railway, communications, post and telecommunications, and civil aviation departments.

3. Firmly ban distributing centers of illegal audio-visual products. In accordance with the Culture Ministry's

"Circular on Strengthening Control of Distributing Activities of Audio-Visual Products in the Small Commodities Wholesale Market, the Home Electric Appliances Market, and the Electronic Science and Technology Market," localities should stop, before 30 June, the audio-visual wholesale and retail business in the small commodities wholesale market and the audio-visual wholesale business in the home electric appliances market and the electronic science and technology market. The retail sale of audio-visual products in the home electric appliances market and the electronic science and technology market should get the approval and licenses from market control departments.

4. Set up main state-owned audio-visual distribution channels and expand the market share of original audio-visual products. Together with market control departments in localities, the Ministry of Culture will set up, as quickly as possible, audio-visual channels for the commercial showing of audio-visual products and main state-owned audio-visual channels for renting and retail points. With the concentrated audio-visual market rectification as the starting point, to show approved imported audio-visual program tapes, audio-visual display units should get the authentication of their projection authority by the patents authorities and their approval certificates for projection.

**PRC: Government To Tighten Control of Audiovisual Market**

*OW1505182596 Beijing XINHUA in English*  
*1711 GMT 15 May 96*

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — China will further tighten controls on its audio-visual market to further protect intellectual property rights, according to the first national audio-visual conference which opened here today.

Liu Zhongde, minister of culture, said the country will set up the main state-owned audio-visual channels to ensure that publications are legal and to prevent piracy.

Another step is to better manage projection rooms, require that they have licences, and ban the showing of pirated films, Liu said.

He noted that China will further develop the tape leasing business and let better audio-visual programs be seen.

Liu said that controls of audio-visual products' transportation will also be strengthened in an effort to prevent pirated tapes from entering the market.

China has 298 audio-visual publication houses, 270 reproduction factories, 25 CD production lines, over 1,000 wholesale units, 100,000-plus retail and renting

points, more than 80,000 projection rooms, which attract more than 100 million visitors each year.

**PRC: Zou Jiahua Meets U.S. Automobile Executives 16 May**

*OW1605103796 Beijing XINHUA in English*  
*0926 GMT 16 May 96*

[FBIS Transcribed Text] Beijing, May 16 (XINHUA) — Chinese Vice-Premier Zou Jiahua met here today with Thomas C. Gale and Denis R. Root, executive vice-presidents of the Chrysler Motor Corporation of the United States.

Zou also visited a Chrysler's exhibition here accompanied by the US visitors who are here as guests of China's Ministry of Machine-Building Industry.

**PRC: Oil Firm, Chevron Sign Oil Exploration Contract 16 May**

*OW1605104196 Beijing XINHUA in English*  
*0836 GMT 16 May 96*

[FBIS Transcribed Text] Beijing, May 16 (XINHUA) — The China National Offshore Oil Corporation [CNOOC] and Chevron Overseas Petroleum Inc of the United States signed a contract today to explore for oil and gas in the South China Sea.

CNOOC President Wang Yan said the contracted area - 63/15 block - lies 70 km south of Sanya City, in south China's Hainan Province, and covers an area of 2,030 km. It is close to two other Chevron exploration blocks of 62/23 and 50/20 contracted in 1995.

Wang noted that exploration work has proved that the contracted blocks are rich gas-bearing areas and have good prospects for oil and gas development.

Under the new contract, Chevron will undertake the risks in exploration alone and will begin a 3-D seismic survey in 63/15 block during this summer.

Exploratory drilling will start following the interpretation of seismic data.

CNOOC and Chevron started their cooperation in Chinese offshore oil and gas explorations in 1983, and have so far signed seven contracts and agreements.

The most outstanding results achieved so far by Chevron are the four Huizhou oilfields in the South China Sea, which included the cooperation of American-owned Texaco and the Italian company Agip.



**PRC: U.S. Engine Firm To Open Outlets in Major Cities**

*OW1505131396 Beijing XINHUA in English  
1223 GMT 15 May 96*

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — The US engine company Varity Perkins is to set up 150 sales outlets in all major Chinese cities by the year of 2000.

The company wants to beef up its muscle in China.

The first batch of 20 sales outlets are planned to open this year, said Jimmy Shen, the company's Asia Pacific Vice-President, who is now attending an engines show in Beijing.

Shen said that the company will also open its first China office in Beijing in the third quarter of this year.

The official said that Varity Perkins sold 2.4 Billion US dollar- worth of engines last year, adding that one-tenth were to the Asia Pacific region. He estimates the ratio will rise to 40 percent by the end of the century, with China leading the region's demand.

In 1994, Varity Perkins signed a ten-year agreement with the Tianjin Engine Works for the production of its four and six cylinder diesel engines.

Shen said that his company is now exploring with the Tianjin factory the feasibility of developing the technology transfer agreement into the establishment of a joint venture.

He said that the joint venture is expected to be set up by the end of this year, and it will be its first joint venture in China.

Experts estimate that China will turn out 18 million internal combustion engines, 400 million kw worth, in the year 2000.

Officials from the Ministry of Machinery and Electronics Industry said that international cooperation is playing a significant role in the development of the domestic internal combustion industry.

He said that, over the past two years, a number of advanced products, using imported technology, have been mass produced and many contracts have been signed for international cooperation projects.

In 1994 alone, China signed 20 product and technology introduction agreements and another 60 for importing processing and testing equipment, he said.

There are 140 companies from both China and abroad participating in the "Engine China '96" event.

**PRC: U.S. Cola Firm Holds Three-Fifths of Wuhan Soda Market**

*OW1605104996 Beijing XINHUA in English  
0926 GMT 16 May 96*

[FBIS Transcribed Text] Wuhan, May 16 (XINHUA) — Coca-Cola is the toast of Wuhan after taking three fifths of the city's soft drinks market.

Just two years ago, it was a hard task to find a bottle of the famous American soft drink in central China's biggest commercial hub.

Coca-Cola launched a joint venture in Wuhan last June, and started production in February, involving 40 million US dollars - the largest investment by Coca-Cola in China.

The venture has an annual production capacity of 200,000 tons of Coke.

Wu Hanqiao, deputy general manager of the venture, said that the plant has four production lines for bottled and canned Coca-Cola.

The venture has extended its sales network to other cities, such as Shashi and Yichang, turning out a business volume of 200 million yuan in 1995.

The venture's sales will be as high as 400 million yuan this year, and with production capacity increased to meet the thirsts of Coca-Cola loving Chinese people, according to Wu.

Coca-Cola has established 21 plants across China since 1981. Its sales reached 170 million standard boxes last year.

**PRC: Shanghai Customs Promotes 'Export-Oriented Processing'**

*OW1505132796 Beijing XINHUA in English  
1152 GMT 15 May 96*

[FBIS Transcribed Text] Shanghai, May 15 (XINHUA) — The customs department here has taken measures to encourage the expansion of bonded factories and warehouses to promote export-oriented processing.

Trade in goods processed with materials supplied by overseas businesses is an important part of local trade. Last year the trade volume in this respect reached 10.96 billion US dollars-worth, and the goods were exported to 138 countries and regions.

To promote export-oriented processing, the Shanghai customs has taken the following measures: categorizing processing businesses in terms of their products for better supervision, and especially supporting the export of deeply processed products and those with high added

value; supervising these businesses in various ways according to their performance in observing customs regulations; simplifying customs proceedings; and cracking down on fake documents and smuggling.

The Shanghai customs department has so far approved the establishment of 780 bonded warehouses, 205 bonded factories processing goods with supplied materials, and 12 bonded business groups.

**PRC: Wuhan Attracts Foreign Banks With Business Opportunities**

OW1605113096 Beijing XINHUA in English  
0855 GMT 16 May 96

[FBIS Transcribed Text] Wuhan, May 16 (XINHUA) — The thriving economy in this capital of central China's Hubei Province is attracting an increasing number of overseas banks, said an official of the provincial branch of the People's Bank of China.

More than 20 overseas banks have come to inspect Wuhan, where the Shanghai and Hong Kong Banking Corporation, Bank of East Asia, Dai- Ichi Kangyo Bank, Industrial Bank of Japan, and France's Industrial Bank have already established representative offices, according to the official.

He revealed that the French bank will upgrade its office to an operational branch this year.

An official at the French bank's representative office said that Wuhan is gaining in importance as China speeds up the development of its central and western regions, noting that large Sino-French automobile projects in Wuhan have also created business opportunities for overseas banks.

**Agriculture**

**PRC: Economist Warns Low Farm Incomes May Lead To Crisis**

HK1605090296 Hong Kong SOUTH CHINA  
MORNING POST in English 16 May 96 p 10

[By Agnes Cheung]

[PTS Transcribed Text for FBIS] A senior economist has warned that if income disparity between farmers and urban residents does not stop growing, the problem could deteriorate into a socio-political crisis.

And political campaigns and spot checks on fee collection are no cure to the excessive financial burden on the country's 800 million peasants, Professor Chen Jiyuan said.

The director of the Rural Development Institute under the Chinese Academy of Social Sciences yesterday told a seminar in Hong Kong that a poor distribution system

had led to excessive stockpiles of some agricultural products, adding to the difficulties facing the peasants.

The central Government needs to provide funds to support the sector and relieve the burden on farmers, Professor Chen said.

He said more companies should be encouraged to invest in the farming sector to help agricultural products enter the market. He also suggested a slower rate of development in the industrial sector would free more resources for the country's agriculture. "If the speed of growth in the industrial sector remains high, it will be very difficult to increase the amount of investment in farming," Professor Chen said.

"The farming problem could be solved if just one big industrial project was cancelled."

Meanwhile, Wu Xiaoling, the deputy director general of the State Administration of Exchange Control, said farmers' interests had been ignored because they had no spokesman to stand up for them.

Ms Wu said the peasants should organise themselves into co-operatives to fight for their economic interests.

**PRC: Cries of Fertilizer Producers Examined**

96CE0221A Beijing JINGJI CANKAO BAO  
in Chinese 27 Mar 96 p 1

[Article by reporters Zhu Haili (2612 3189 7812) and Fu Xingyu (0265 5281 1342): "Do Not Load Down Enterprises — the Cries of Chemical Fertilizer Producers"]

[FBIS Translated Text] In view of the many problems in the fertilizers markets, what do the producers have to say?

**"Aiding Agriculture Is the Duty of Chemical Fertilizer Plants"**

"We cannot make money off of the peasants. Aiding agriculture is the duty of chemical fertilizer plants." In the simple conference room of Sichuan's Chuanhua Group, chairman and general manager Xie Muxi [6200 2606 0823] had a serious conversation with comrades of the State Council's Investigation Team.

Subsequently, Xie Muxi carefully dissected the deep-seated relations between enterprises and the peasants. He said, the chemical fertilizer producers produce an aid-agriculture product, and the consumers are the hundreds of millions of peasants. Today's peasants are not rich, but there is always someone with plans for the peasants, hoping to make money off of them, but if one day the peasants should lose their enthusiasm for crop



planting, enterprises can forget about developing; they may not even survive. He said that, looking back, it was because agriculture was recovering that the chemical fertilizer enterprises could make rapid developments in recent years, and therefore, the Chuanhua Group may be facing all sorts of problems, but it is keeping up its production at an annual rate of around 400,000 tons.

Liaoning's Liaohe Chemical Fertilizer Plant's general manager, Feng Enliang [7458 1869 5328], feels the same way. He asks comrades from the Investigation Team to relay a message: The peasants need not worry, enterprises will never cut corners or cause trouble when it comes to production, nor will output volume be reduced; it is guaranteed that the peasants will be able to buy the best fertilizers.

Today, large enterprises that produce more than 400,000 tons a year are working in high gear, striving to increase production.

Some people say that chemical fertilizer prices are high now, and enterprises are profiting. Many fertilizer plants feel wronged and are upset. They are not saying that they are completely blameless, but when it comes to implementing the state's pertinent sales and pricing rules, they must be diligent and responsible. Liaohe Chemical Plant's comrades say that 90 percent of the fertilizers their plant produces are procured by the state and then sold to the peasants; whatever fertilizers the plant sells on its own basically go through the main sales channel, and the factory-exit price of urea the state procures is 1,150 yuan a ton. A national study shows that most large chemical fertilizer plants abide by the State Council's Document No. 45 strictly and limit their own sales to less than 10 percent of their total production — some even go below that percentage, and the factory-exist price they charge for urea is under 1,150 yuan a ton.

#### **"The Preferential Policy Must Be Honored"**

Leaders of large chemical fertilizer plants in Henan, Sichuan, and Liaoning have strong feelings about the same issue: Their enterprises rank among the best in the nation in terms of productive capability and product quality, but they have landed in dire straits in recent years. On the one hand, chemical fertilizers are in short supply in the market, but on the other hand, enterprises are not operating to capacity.

People cannot help but wonder why, given today's tight supply, chemical fertilizer enterprises are having difficulties. What is wrong? One plant manager hit the nail in the head when he said that the state is not delivering on the preferential policies toward the aid-

agriculture enterprises, and that is the main reason why the chemical fertilizer enterprises are in trouble.

The producers have some very intriguing questions: As the agricultural sector continues to heat up, should the agriculture-based industries be strengthened to keep pace with it? In the early stage of development of the market economy, is there a way to help enterprises to switch from the planned to the market track, and how can enterprises better weather the transition? Cheng Chi [6774 3069], manager of the Kunming Chemical Fertilizer Plant, was quite agitated when he said that after the state introduced the pertinent policies, the factory-exit prices of chemical fertilizers came under strict control, and no enterprise dared to cross the line. Meanwhile, the preferential policies were greatly watered down — raw materials had to be bought at market prices, and despite the government's repeated orders and prohibitions to keep power and fuel prices down for fertilizer production, there was no real control. The factory gave the reporters the following figures: The price of charcoal, a key raw material, has risen from more than 60 yuan a ton to 270 yuan a ton, more than quadrupled; water and electricity prices have gone up even more; industrial-use utility cost is more than five times the pre-reform price, at 0.17 yuan per unit; the cost of electricity now accounts for more than 30 percent of the cost of fertilizer production. Most enterprises indicate that not only are the preferential policies on raw materials not honored, but other policies regarding taxation, bank loans, packaging materials, and so on have also been empty promises.

As to whether the state will promptly deliver on the preferential policies extended to the producers, most enterprise leading comrades are not optimistic; they believe that there are too many problems. They say that enterprises are in a market economy and should not be managed according to the planned economic mode. Some comrades feel that as aid-agriculture enterprises, they will try their best to satisfy the peasants' needs, and they understand the peasants' hardship, but how to let everyone — those in the production, circulation, and consumption links — have some tangible benefits is a question that deserves studying.

#### **"Do Not Load Down Enterprises as They Compete"**

"Reduce unreasonable burdens, let enterprises compete unencumbered and produce more fine quality chemical fertilizers to support agricultural production": This is the heartfelt wish of most fertilizer producers. The reporters met some comrades and have a few critical words toward the growing nonproduction-related burdens put on enterprises, especially because some enterprises are faced with undue pressure from powerful units and

departments, and they dare not speak out. A sales and supply department manager of a fertilizer plant angrily said, "When fertilizer supply is tight, everybody wants his share; some hoist their leader's banner, and others produce papers from the powerful departments to scare us, and if we are not careful and should step on somebody's toes, one of these days, they are bound to get even with us." A certain plant manager complained that during the peak fertilizer application period, he would try to find a place to hide; otherwise he would be on the phone all day long. On the one hand, there are red-lettered documents from the state and governments at all levels, and on the other hand, there are connections of all kinds; one wouldn't know whether to turn left or right, and the best solution is to run and hide. In Chuanhua's detailed sales accounts, the auditors were alarmed to find that the amount of fertilizer sales the plants handled on its own was below the state-set percentage, which was rare.

But the manager in charge frankly admitted that it was not because they did not want to sell more but that they could not deal with all the connections and found it easier to just sell to the agricultural materials departments, even though that meant less money, but it was less troublesome.

Someone made a rough calculation and found that currently, there are more than 20 types of assorted nonproduction-related burdens undermining normal enterprise production and operation and hampering enterprise development. In addition, social burdens are also squeezing enterprises to death. Some units or departments are constantly asking for money. There are collections for education, road repair, engineering projects, and so on. The fertilizer producers are making an unanimous call to please lighten the nonproduction-related burdens.

#### PRC: Local Government Complaints Over Fertilizer Prices

96CE0221B Beijing JINGJI CANKAO BAO  
in Chinese 28 Mar 96 p 1

[Article by reporters Fu Xingyu and Zhu Haili: "One Heart and An Agonizing Dilemma — Local Governments' Lament"]

[FBIS Translated Text] As fertilizer prices climb, many peasants are directing their anger at the local governments. An Shilian [1344 0013 1670], Liaoning's Xingmin City deputy mayor in charge of agriculture, understands this feeling. He said, "Officials are like 'parents' to the peasants, and it is understandable that they are angry with us. We should have managed fertilizer prices

better. But governments at all levels are just as worried about the rising fertilizer prices as the peasants."

After fertilizer prices took a leap last year, the 14 provinces and regions — including Anhui, Henan, Jiangxi, Xinjiang, Guangdong, and Hunan — that were subject to inspections began to pay especially close attention to the peasants' concern for the fertilizer problem. Fertilizers have become an important topic in the provincial governments' standing committee meetings and a task to which the governors personally attend. The planning — both industrial and commercial — commodities pricing and other government departments work closely together on securing raw materials sources for fertilizers, restoring circulation order and price management, and they have formulated practical policies and measures to improve supply and stabilize prices; unprecedented efforts are put into the management of the chemical fertilizer markets. This year, the situation in the markets nationwide has improved, and the peasants are satisfied. This is the result of the relentless hard work of the local governments. After visiting various localities, the reporters have learned that the peasants are indeed unhappy about the fertilizer supply situation, but they also believe that governments at all levels are doing their best. A Sichuan peasant said that all problems take time to resolve, and chemical fertilizer is a complicated matter and involves many "links"; it is not something the government can resolve simply because it wants to. The peasants are fair in their assessment of the government's efforts.

But according to Chen Baoxiang [7115 1405 4382], Liaoning's Tieling City's agricultural deputy mayor, local governments are indeed facing many problems in dealing with the chemical fertilizer problems. For example, the peasants complain about the high prices of fertilizers, but those fertilizers were expensive when the government purchased them in the first place. The state's Planning Department can only meet 40 percent of the needs; local governments must procure the remaining 60 percent on their own. These fertilizers come from all over, and their prices are inevitably high. Meanwhile, the peasants truly cannot afford today's prices. When urea is selling for 2,500 yuan a ton, at production cost of 360 yuan per mu of corn, the peasants' net income is only 100 yuan or so. If grain prices are not raised, nobody can afford to buy fertilizers at those prices. The prices of grain in Tieling are lower this year; the peasants are sitting on 1 billion jin of grain that they cannot sell, which makes buying fertilizers even more difficult. The city government is in charge of fertilizer prices.

They can only deal with the little bit of price increase at the "tip"; they cannot solve the basic problem.



By sheer coincidence, the two deputy mayors, Chen Baoliang and An Shilian, talked about the same issue, and that is, when fertilizer supply is tight, the local governments must balance supply and demand and are faced with the dilemma of whether to open up the market and decontrol prices to guarantee source of supply or to close the market and control prices but dry up supply in the process.

Last year, at the time of topdressing, many localities ran out of fertilizers and prices soared. Tieling City and Xingmin City faced the same problem. The peasants could not find fertilizers, especially quality fertilizers, and paid a visit to city hall; they even cursed the government for not caring about agriculture and the peasants. At that time, the government had only one option: Open up the market, decontrol prices, mobilize the people, and whoever had the ability could go after the fertilizers, and it did not matter who they were; he who had fertilizers was "king." But some people were against that approach, and there were problems, because they felt that to do so, the centrally managed fertilizer market would be thrown into chaos, and there would be no end to the price increases; the peasants would become even worse off. An Shilian said, as deputy mayor in charge of agriculture, he had to openly discuss his opinion, and at that time, getting the fertilizers was the most important thing; they wanted all the fertilizers they could get and would worry about prices later. It worked. They opened up the market and decontrolled prices, and immediately, the peasants were able to get their fertilizers. Even though they complained about the high prices, it was better than no fertilizer. Chen Baoliang said that Tieling was a large grain producing city, and if they controlled fertilizer prices and closed the market, it would be disastrous, because, clearly, if fertilizer prices were lower in one locality than the surrounding localities, the source of fertilizers would immediately dry up there; everybody knew this basic market law. Therefore, to make sure that the grain-producing localities have enough fertilizers and make sure that the grains "are well-fed," the local government would rather raise prices than lower them. On the surface, this may seem to hurt the peasants, but in fact, this is to their advantage.

This is the dilemma the local governments are facing. But from another perspective, this indicates that local governments are realistic in dealing with the fertilizer problem; they have the peasants' basic interest in mind and comply with market laws at the same time.

After visiting some provinces, the reporters learned that leading comrades in governments at all levels had many good ways and means and ideas to deal with the fertilizer problems. Specifically, Liaoning's

vice governor, Liu Ketian, [0491 0344 3944], had a novel idea that spoke for the profound thinking of local governments on the fertilizer issue.

According to this 45-year-old vice governor, to manager the fertilizer market and prices, first, local governments must balance supply and demand. When fertilizers are in short supply, it puts much pressure on prices, and the government must make every effort to support the agricultural materials department to increase sources of supply, and only by guaranteeing quantity can the markets be saved. For the portion that must be supplemented with imports by the state and localities, the quota should be handed down in a timely fashion. From Liaoning's standpoint, fertilizer supply is not too tight; if people do a good job, it will not be a problem to guarantee amply supply. Second, proper pricing mechanisms are needed. Fertilizer prices that are too high are not good for agriculture or grain production. But if prices are too low, the producers and those in the circulation link cannot make a profit, and relying on administrative orders alone to guarantee production and supply will hurt the development of the fertilizer markets. For example, if fertilizer prices are low in Area A and high in Area B, when fertilizers are in short supply, Area A's fertilizers will surely be moved to Area B, depriving Area A of its fertilizers. Therefore, we must seek truth from facts in determining the production and circulation of fertilizers, the cost of producing grain, and people's ability to pay, and as much as possible, we must set proper fertilizer prices and allocate profit fairly. Third, keeping a necessary reserve is essential, and a special fund should be set up to enhance the government's macro regulation and control capabilities at all levels. Chemical fertilizers are an agricultural capital good produced year-round, but used seasonally. When supply is relatively short, a policy-based long-term reserve is necessary. Whenever possible, a special fund should gradually be set up, and like the way the state handles the grain reserve, fund-use should be for exclusive purpose. When the government has a definite fertilizer reserve and special fund, it will have the capability to control and regulate the market and prices and guarantee supply. Fourth, we should continue to carefully manage the fertilizer market and prices. This should include controlling the material sources for fertilizers, increasing production capability, and guaranteeing proper flow direction. We must keep market circulation in order and allow the main channels to discipline themselves, to operate according to the law, and to bring their functions to full play; market interferences should be eliminated. In controlling prices, it is even more important to strictly implement the state's pricing policy. From the time the fertilizers leave the plant to the time they reach the hands of the peasants, management and pricing must be aboveboard;

society and the masses of peasants should take part in monitoring prices. This means the planning, industrial and commercial, commodities pricing, technical supervision, and the agricultural materials departments must work closely together, diligently make protecting the peasants' interest the starting point, and treat managing the fertilizers market and prices as a matter critical to stabilizing agriculture's fundamental role and increasing grain production.

**PRC: Guangxi Sugar Production Sets 'Historical Record'**

OW1505133896 Beijing XINHUA in English  
1200 GMT 15 May 96

[FBIS Transcribed Text] Nanning, May 15 (XINHUA) — The Guangxi Zhuang Autonomous Region, China's largest sugar producer, turned out 2.3 million tons of sugar in the 1995-1996 production period, setting a historical record.

Located in the country's subtropical area with a mild climate and sufficient sunshine, Guangxi is an ideal place for growing sugarcane. Its sugar output makes up one third of the national total.

The area sown to sugarcane in Guangxi has expanded from 111,700 ha [hectares] in 1980 to last year's 424,000 ha. Sugar output soared to 20.4 million tons in 1995, said a regional government official.

To cope with the rising sugarcane output, Guangxi has built 36 new refineries and expanded 60 existing ones, bringing the total number of refineries in operation to 105. These plants have a combined daily production capacity of 200,000 tons.

According to a local development plan, the annual sugar output in Guangxi will reach three million tons by the end of this century.

**PRC: Henan To Have 'Good' Wheat Harvest**

OW1605112996 Beijing XINHUA in English  
1017 GMT 16 May 96

[FBIS Transcribed Text] Zhengzhou, May 16 (XINHUA) — A good harvest of wheat is promised in central China's Henan Provinces, thanks to farmers' efforts to combat serious drought and rainfall in late April.

Serious drought affected 80 percent of the 4.9 million hectares of wheat fields in Henan, a major producer in China, according to the Provincial Department of Agriculture.

The area north of the Yellow River had only 10 mm of rain during the period from the beginning of winter to March 30, 80 percent less than the same period in a normal year, an official of the department said.

Governments at all levels earmarked a total of 10 million yuan for the campaign to fight against drought, the official said.

The Henan Provincial Branch of the Agricultural Bank of China extended 2.41 billion yuan in loans to farmers to support their efforts to combat drought, he added.

As a result, farmers had irrigated 3.3 million hectares of wheat fields by mid-April, ensuring normal growth of their crops.

Rainfall averaging 35 mm fell throughout Henan in late April and early May, further easing the effects of the drought, he said.



**Southwest Region**

**PRC: Sichuan Party Chief Interviewed on Industry**  
OW1605011496 Shanghai WEN HUI BAO in Chinese  
25 Apr 96 pp 1, 5

[Interview by reporter Zhou Qijun (0719 0366 0193) and special reporter Zhao Jian (6392 1017): "Sichuan Provincial Party Secretary Xie Shijie Stresses the Need To Step up Industrial Development and Reinvigorating Sichuan's Economy and Expresses the Hope that Sichuan and Shanghai Will Work Together To Promote Cooperation in a More Practical and Effective Way"]

[FBIS Translated Text] Low-level industrial development has become a significant obstacle, restricting Sichuan's economic development. Reversing low-level industrial development is the key to transforming Sichuan from a major agricultural province into an economically powerful province. Xie Shijie, secretary of Sichuan provincial party committee, made the above remarks in an exclusive interview with reporters of this newspaper recently.

Xie Shijie said: "Presently, the main difficulty in Sichuan's industry is the irrational situation of 'three excesses and two low levels,' namely, too much heavy industry, too many primary processing factories for light industry, too many military industries, a low level overall in technology and equipment, and a low level in the scale economy. Sichuan has been slow to restructure industry over the past few years and its investment in technical transformation and development is seriously insufficient. Mainstay industries have yet to be developed, and the number of deficit-ridden enterprises and the amount of their deficits are high. Some enterprises are encountering in production and operation difficulty, and the basic income of workers is not guaranteed... [ellipses as received] These contradictions and problems have seriously restricted Sichuan's industrial and economic development and have affected the improvement of its overall economic quality and level. Practice has proven — without reinvigorating industry, Sichuan will not be able to narrow the gap with other provinces nor increase its financial power, and it will be difficult to boost its agricultural development to a new level."

Sichuan is a major agricultural province; its leaders at various levels have maintained unity in understanding, acted in unison, taken concrete measures, and done a solid job in agriculture. With less than seven percent of the country's farmland, Sichuan has produced 10 percent of the total grain output. Sichuan's gross domestic product [GDP] and its total value of agricultural production, respectively, rank fourth and second in China; its tertiary industry stands more or less at the same level

with the country's three forerunners. What Sichuan really lags behind in is its secondary industry. Xie Shijie said: "On the issue of stepping up Sichuan's industrial development, leading cadres at various levels still do not have a unified understanding, nor have they come up with many ideas; the measures are not pragmatic and some leaders have not done a solid job in this regard. The grade of industrial products is not high and enterprises are facing difficulties. These problems have existed for a long time and the causes are complicated."

"Sichuan would become a drag on the whole nation if it failed to raise people's living standards to a relatively comfortable level, develop its industry, increase people's incomes, and enhance its overall economic strength." Internal causes are the foundation for transformation. To reinvigorate Sichuan's economy, not only the state's support is necessary, western China should mainly rely on its own strength in building various industries through hard work and using every possible means, instead of waiting for help because that will not solve the problem. It should be said that there are hopes to reinvigorate Sichuan's economy for the following reasons: the central authorities have attached importance to development in the hinterland and have adopted a policy conducive to narrowing the gap; China's policy for opening to the outside world and development has been extended to central and western China and investors at home and abroad believe Sichuan has great potential with its market and resources; the economic belt along Chang Jiang will be opened up and developed following the opening up and development of Pudong in Shanghai; and the construction of the Three Gorges project and comprehensive development of resources in Panxi have brought an opportunity to Sichuan in restructuring and upgrading of its industry. In addition, Sichuan owns a great deal of resources: a force of 1.5 million scientists and technicians; a group of industrial bases with electronics, machine building, and chemical industry as the main sectors; and a market with 100 million consumers."

Xie Shijie noted: "Presently, Sichuan should concentrate its efforts on strengthening enterprises in industrial development. All enterprises should focus on economic efficiency, orient themselves to the market, and engage in appropriate production and operation."

Speaking on the Shanghai-Chengdu symposium on economy along the Chang Jiang valley that ended several days ago, Xie Shijie said: "Shanghai has attracted worldwide attention with its rapid development these years. Allowing Shanghai to develop and become prosperous first will surely bring about development and prosperity to western China. There are hopes for us when the 'head of the dragon' moves

fast. The Shanghai-Chengdu symposium on the Chang Jiang valley economy marks the first step in development through cooperation between eastern and western China. I believe that such cooperation will be conducted in a more practical and effective way through the efforts of Sichuan and Shanghai — cities that have displayed their respective advantages and can supplement each other. The cooperation between Sichuan and Shanghai has put into effect the guidelines of Comrade Deng Xiaoping and the party Central Committee: allowing some people to become prosperous first; those who have become prosperous first shall help those who have not and eventually achieve common prosperity. I believe as long as we uphold equality and mutual benefit, Sichuan will, spurred by Shanghai, develop its economy in a better and faster way."

When the reporters mentioned to Secretary Xie that this newspaper will sponsor a series of symposiums on cultural and economic development along Chang Jiang in Chongqing, Wuhan, Hefei, Nanjing, Ningbo, and other central cities between late April and early May, Xie Shijie said: "I think this is a good thing. As an influential newspaper at home and abroad, WEN HUI BAO is ahead of others by holding these meetings, in a timely manner, to bring important cities along Chang Jiang valley together to discuss economy and culture and pool wisdom for properly constructing the two civilizations. Economic development cannot be successful without cultural development. I believe the meetings will play a very significant role in promoting cooperation between eastern and western China and bringing along the development in other areas. Therefore, I fully support this event. If possible, a meeting of this kind will be welcome in Chengdu."

**\*PRC: Demographic Data on Sichuan Province**

96CM0248A Chengdu SICHUAN RIBAO in Chinese  
20 Feb 96 p 1

[Article by Shen Tong (3088 4827): "Provincial Statistical Bureau Released Key Data Based on 1-Percent Population Sample Survey in 1995: Population in Sichuan Totals 112.81 Million"]

[FBIS Translated Text] The Provincial Statistical Bureau recently released key data based on a 1-percent population sample survey conducted in Sichuan in 1995. The province's population at present totals 112.81 million.

Under overall government coordination, the survey was carried out in 1995. Using a stratified, multistage cluster sampling method, 699,389 respondents — 0.62 percent of the population — from 4,094 sampling clusters in 80 county-level administrative units randomly selected

from Sichuan's 219 counties (cities, districts) were targeted for the survey. The survey was timed to begin at 0000, 1 October 1995.

At the time of the survey, Sichuan's population totaled 112.81 million, an increase of 5.59 million from the 107.22 million total established by the 4th National Population Census on 1 July, 1990, representing a growth rate of 5.22 percent and an annual average rate of 0.97 percent. In 1995, Sichuan had a birth rate of 17.08 percent, with 1.92 million newborns, a death rate of 7.21 percent, and a net growth rate of 9.87 percent with a net increase of 1.11 million in population.

The number of households totaled 33.53 million with 111.97 million people, averaging 3.34 persons per household; 109.04 million — 96.66 percent of the population — were residents of households registered in villages, towns, and cities in Sichuan; 3.22 million or 2.85 percent were residents whose registered households were elsewhere than Sichuan; and 550,000 or 0.49 percent were residents of other types of households. Males totaled 57.08 million or 50.6 percent, females 55.73 million or 49.4 percent, and the sex ratio was 102.4 (per 100 females). Sichuan's ethnic Han people totaled 107.32 million, and the various national minorities totaled 5.49 million, or 4.87 percent of the population, up from the previous 4.56 percent. Urban population totaled 29.03 million or 25.73 percent, up from 20.17 percent of the population. In terms of education per 100,000 population and compared with 1990, 1,386 had college or above education, an increase of 425; 5,984 had senior high education, an increase of 600; 24,588 had junior high education, an increase of 2,910; 43,405 had elementary education, a decrease of 454. The illiterate and semi-illiterate population totaled 14.45 million, 12.81 percent, down from 16.32 percent in 1994.

**PRC: Tibet Chairman Presents Economic Development Plan**

OW1605043296 Beijing ZHONGGUO XINWEN SHE  
in English 0159 GMT 16 May 96

[FBIS Transcribed Text] May 15 (CNS) — The Fourth Session of the Sixth People's Congress in the Tibet Autonomous Region opened today. Gyaincain Norbu, Chairman of the Autonomous Region, put forward the "Ninth Five-Year plan" for economic development and the long-term targets for 2010 when delivering the government work report.

Mr. Norbu said that during the "Ninth Five-Year Plan" period, Tibet would increase economic cost-effectiveness and maintain a GDP growth around 10 per cent. By 2010, the Region would enter a period of rapid development. Primary, secondary and tertiary



industries would develop steadily. GDP would double that in 2000.

He said that the priority of development would be given to agriculture and animal husbandry. Industrial development, and particularly tertiary industries, would be sped up; Tibet would be endowed with technology and further open to foreign countries.

During the "Eighth Five-Year Plan", Tibet experienced unprecedented rapid economic development with an annual growth of 8.3 per cent. In 1995, the GDP was RMB 5.25 billion, an increase of 48.9 per cent over 1990.

The 385 representatives who attended the Fourth Session today were from various cities and regions in Tibet. The Session will last for 12 days. They will discuss the working report of Mr. Norbu and the final accounts in 1995 and the budget in 1996 made by Yang Xiaodu, Director of the Department of Finance in the Autonomous Region.

**PRC: Tibet Launches 'Serious' Fight Against Crime**  
*OW1605023596 Lhasa Tibet Television Network*  
*in Mandarin 1200 GMT 9 May 96*

[From the "Regional News Hookup" program]

[FBIS Translated Text] On the afternoon of 9 May, a mobilization rally was held in Lhasa City on the fight against serious crimes. Raidi, executive deputy secretary of the regional party committee, attended the meeting.

At the rally, Raidi made a speech on behalf of the autonomous regional party committee and the regional people's government. He called on various prefectures, cities, and departments in the region to implement the central guidelines and take immediate action against serious crime according to the arrangements made by the regional party committee and the regional people's government to protect social stability.

Luosang Toinzhub, vice chairman of the Tibet Autonomous Regional People's Government and secretary of the Lhasa City CPC Committee, also made a speech at the meeting on mobilizing forces against serious crimes in Lhasa City.

Cadres at and above county level and judicial and public security personnel, totalling more than 1,200 people, attended the mobilization rally. [video shows closeup shots of Raidi and Luosang Toinzhub as well as other leaders attending the rally in a large hall]

In his speech, Raidi pointed out that the struggle against crime unfolding throughout the country is a strategic plan of the party Central Committee to strengthen the management of social security and protect people's lives

and work in peace. It is also an important guarantee for successfully promoting reform, opening up economic construction, and realizing the Ninth Five-Year Plan and the Long-Range Objective to the Year 2010. Today's rally is not only a mobilization meeting on unfolding struggle against serious crimes in Lhasa City but also a meeting to seriously fight against crime in the entire autonomous region. The struggle is to implement the guidelines of the party Central Committee, to safeguard social stability, to accelerate regional economic development, to consolidate frontier defense, and to ensure people's peace and contentment. Party committees and governments at various levels must first study a series of Central Committee party instructions on fighting crime, understand the guidelines of the party Central Committee, and fully realize the necessity of struggling resolutely against crime in this region in light of the actual conditions. Also, we must enhance our sense of mission and urgency; truly unify our thinking in line with the strategic plan of the party Central Committee and arrangements made by the regional party committee; and attach importance to safeguarding social stability and public security, both ideologically and in action. We must solidly carry out the struggle. If sabotage activities by separatists' run rampant and security cannot be significantly improved because leaders pay no attention to the struggle ideologically and fail to make effective arrangements and take concrete measures, party committees and governments in those localities will be investigated and held responsible for the situation.

Raidi emphatically pointed out that political and judicial departments are the main force in launching the struggle and are duty-bound. Political and judicial departments at various levels must strengthen their measures in launching the struggle, give full play to their role as a powerful group, and effectively organize their actions. We must carefully plan and unify their action in combination with the struggle against splittism. They should attach importance to exposing crimes and go all out to mobilize the masses to report crimes. We must deal a serious blow to violence and sabotage, implement the policy of punishing criminals in a severe and prompt fashion in accordance with the law, and gain momentum and achieve results in this struggle against crime. Meanwhile, we should have a good grasp of the situation, strengthen preventive measures, and prevent our enemies from doing desperate things and creating new trouble. Therefore, we must strengthen leadership over the current fight against crime. Party committees and governments at various levels must promptly check and give guidance on the fight. The principal leaders should be held responsible for the work. We should fully mobilize and rely on the masses and fight a people's war [da yi chang ren min zhan zheng]. Various departments

should actively coordinate and work with concerted efforts to unfold this struggle. We should whip up public opinion to ensure the successful and effective implementation of this struggle. Meanwhile, we should take advantage of this struggle to seriously implement various measures for comprehensive improvement of public security and continue to eliminate various undesirable things in the society.

In his speech, Luosang Toinzhub said: Lhasa City is the capital of the autonomous region; the political, economic, and cultural center; and an important window for opening up to the outside world. The stability of Lhasa City will influence the stability in the entire region. Lhasa City must take lead in implementing instructions of the party Central Committee and the regional party committee on safeguarding social stability and strengthening public security in the whole autonomous region. We must take even quicker actions and make greater efforts to achieved more significant results. Starting from now, we should use three months' time to unfold a serious fight against sabotage by separatists and other serious criminals.

Luosang Toinzhub called on party committees and governments at various levels in Lhasa and concerned departments to clearly understand the guiding ideology, make careful arrangements for the fight against crime, and effectively prepare for the concentrated fight in the entire city. He said: We must deal a telling blow to criminals. Political and judicial departments and public security departments should give full play to their role as the main force and go all out to unfold the fight. Concerned departments should work in close coordination in the struggle and promote the comprehensive management of public security. We should, through the struggle, significantly improve the situation of social stability and public security in Lhasa.

Zi Cheng, member of the standing committee and secretary of the political and law commission of the regional

party committee; Tudeng Caiwang, chief procurator of the regional people's procuratorate; Zhang Zhu, political commission of the Tibet Armed Police Corps; as well as principal responsible comrades of concerned departments also attended the rally, which was presided over by Lhasa Mayor Luosang Gyaincain.

#### **PRC: Kunming Police Launch Crackdown on Criminals**

*OW0805163796 Beijing ZHONGGUO XINWEN SHE in English 1341 GMT 8 May 96*

[FBIS Transcribed Text] 8 May (CNS) — Some 5,000 police officers of Kunming, capital of Yunnan Province, embarked on a fierce crack-down on criminals over past one month.

New Director of the Municipal Public Security Bureau Jiang Pusheng said today that a total of 654 criminal cases were discovered, including 394 serious ones, and 1,228 suspects seized in April.

Jiang said the police had given priority to fighting drug crimes in this action. 171 drug cases were detected with a seizure of 10,825.8 grams of heroin and 200.02 grams of opium on top of an arrest of 101 drug traffickers. Moreover, the police intercepted eight drug dealers from other provinces who hid drugs in their bodies and seized the biggest amount of 113 grams from one suspect.

Besides, the police had also unearthed a number of heinous robbery and theft cases, smashed 87 criminal syndicates, dozens of gambling dens and brothels, recovered a quantity of stolen goods and seized a batch of guns and bullets, disclosed Jiang.

Yunnan Provincial Party Secretary Gao Yan visited the Public Security Bureau On May 6. He said the Province would continue its anti-crime campaign and combine the lenient approach and harsh punishment to deal with criminals.



**PRC: State Drafting Rules To Protect Taiwan Investors**

*HK1505084196 Beijing CHINA DAILY in English  
15 May 96 p 5*

[By Sun Hong: "Interests Of Taiwan Investors Protected"]

[PTS Transcribed Text for FBIS] Beijing officials reassured Taiwan investors yesterday that their legal interests will receive full protection and that the local government is ready to improve services further for these enterprises.

"The State Council is working on detailed implementation rules for the regulation on protecting investors from Taiwan issued by the central government last year.

The Beijing Municipal Government is also drafting related local rules," Li Xiaowei, director of the municipal government's Taiwan Affairs Office, said.

The local government is also considering establishing a special service centre for Taiwan business people, which will coordinate the settling of disputes and provide consultancy, she added.

Li said she expects Taiwan business people to maintain their investment momentum despite recent cross-straits tension, noting that "since last year visits by big companies and groups from Taiwan have increased notably."

By the end of March this year, there were 1,578 approved Taiwan-invested projects in Beijing, involving contracted Taiwan capital of \$1.3 billion.

According to statistics, during the first quarter of the year the Taiwan authorities approved 100 projects involving investments of \$265 million in the Chinese mainland, almost doubling that of the same period of last year.

The average size of Taiwan-funded projects is increasing, and entrepreneurs from the island have taken a particular interest in the petrochemicals, rubber, steel and textile sectors.

Analysts say the huge market potential, improving investment environment and the announcement of reduced import tariffs have all contributed to the rising interest from Taiwan investors.

The analysts also say the central government's policy of not letting political differences interfere with trade and investments has helped erase the fears of Taiwan investors.

At a seminar held by the Beijing Committee of Chinese People's Political Consultative Conference yesterday

in Beijing, representatives of many Taiwan companies expressed their intentions to expand business on the Chinese mainland.

"I do not think that the cross-straits relationship will affect much of our business here," Wei Yinxin, vice-director of the board of the PingShin International Group told China Daily. "Actually, we plan to inject \$300 million into the Chinese mainland this year."

Since PingShin entered the Chinese mainland in 1989, its business has expanded from edible oil to various sectors including instant foods, soft drinks, biscuits, and the packaging industry. With 33 plants and 52 sales points on the Chinese mainland, PingShin's current business turnover on the Chinese mainland reached 4 billion yuan (\$481 million) last year and is expected to hit 5.5 billion yuan (\$662 million) this year.

"By the year 2000, we plan to see an accumulated investment into the Chinese mainland of \$2 billion and a business turnover of 20 billion yuan (\$2.4 billion)," Wei said.

While sharing Wei's confidence in business on the Chinese mainland, some Taiwan participants at the seminar suggested the government improve efficiency on project approval, legislation, and policy information, and strengthens infrastructure construction.

**PRC: Taiwan Scholars on Improving Cross-Strait Ties**

*OW1405135696 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1309 GMT 3 May 96*

["Special article" by ZHONGGUO TONGXUN SHE reporter He Shan (4421 1472): Taiwan Scholars Maintain That the One-China Principle Is the Key To Thawing Relations Across the Taiwan Strait]

[FBIS Translated Text] Hong Kong, 3 May (ZTS) — The mainland's Association for Relations Across the Taiwan Strait [ARATS] sent a reply on 2 May to the Taiwan's Straits Exchange Foundation [SEF], tactfully refusing to resume the Gu [Ku]-Wang talks and ARATS-SEF consultations before the resolution of political factors that forced the talks to be suspended. Although the Taiwan side expressed regret over this decision, it is still unwilling to adjust its political stand. Regarding this, some Taiwan scholars maintain that the one-China principle is the key to a thaw in relations across the Taiwan Strait.

If Li Denghui [Li Teng-hui] fails to take a clear stand on this issue or is all talk and no action, cross-strait relations will not improve much.

Shao Zonghai [Shao Tsung-hai], a professor at National Chengchi University's Chungshan Center, pointed out: In a speech marking the third anniversary of Gu-Wang talks, a responsible person from ARATS stressed the need for Taiwan to "truly keep to the one-China stand through real actions" if it wishes to resume the Gu-Wang talks. SEF Chairman Gu Zhenfu also delivered a speech on "returning to the process of seeking one China." Shao Zonghai queried: Does the word "returning" suggest that one or both sides of the Taiwan Strait had not brought up the one-China principle for a period of time in the past; and, therefore, when a proposal on resuming the consultations was made, it was hoped that they "return" to the original premise? The word "process" also leads one to think that there is room for the transitional existence of two Chinas before the two sides strive for the one-China objective.

Zhang Linzhi [Chang Lin-chih], a professor at National Taiwan University's Department of Political Science, pointed out: It was rather improper of Gu Zhenfu to say that "of course there will be undoubtedly one China after reunification." That seems to indicate that presently China is not one. Does that indicate "two Chinas" or "one China, one Taiwan"?

Therefore, Taiwan scholars maintained that ARATS's reply to SEF showed that, although the mainland rejected Gu Zhenfu's view, it still wishes to leave some space to see if Li Denghui will make any proposal that represents a breakthrough during his inauguration speech on 20 May. Shao Zonghai said: Whether there will be a thaw in relations between Taipei [Taipei] and Beijing depends entirely on the one-China principle. He suggested Li Denghui make adjustments according to Gu Zhenfu's suggestions during his 20 May speech: "The two sides should proceed from returning to the objective of one China and hold meetings or consultations between high-level leaders of the two sides in order to solve the issue of reaching agreement on ending the hostilities between the two sides."

Zhang Linzhi pointed out: The principal part of Jiang Zemin's eight-point speech is "one China." At present, the mainland is waiting for Taiwan to make a clear

stand on this issue. Mr. Gu's letter did not elaborate on it. Although for some time in the past, Li Denghui repeatedly reiterated the need to "seek reunification" and "oppose Taiwan independence," he rarely mentioned "one China." That is why the mainland is waiting to hear what Li Denghui has to say about this in his 20 May speech.

However, Zhang Linzhi maintained: As for Li Denghui, the mainland will "judge him not just by his words, but also by his deeds." Cross-strait relations will not improve much if he is all talk and no action, and if Taiwan does not cool off on such matters as rejoining the United Nations.

**PRC: CPPCC Official Stresses 'One Country, Two Systems'**

OW1605041996 Beijing ZHONGGUO XINWEN SHE  
in English 0202 GMT 16 May 96

[FBIS Transcribed Text] 15 May (CNS) — China's "one country, two systems" and "peaceful re-unification" policies remain unchanged in spite of the once-deadlocked relations across the Taiwan Straits, Wan Guoquan, deputy chairman of the Chinese People's Political & Consultative Conference (CCPCC) said today.

Meeting heads of a group of overseas Chinese associations from the USA, Mr. Wan said: "The promise made by President Jiang Zemin that the Chinese are not going to fight the Chinese still counts. However, we have never ruled out the possibility of using force just because we beware of interference from foreign countries as well as the pro-Taiwan independence group on the island."

He further reiterated that "there is only one China but what a shame it is to face our forefathers and descendants if the country is spilt in our time."

Whilst giving a big welcome to the visitors, Mr. Wan praised the efforts they paid towards the promotion of the reunification of China and called for greater unity among the Chinese people living overseas, including Hong Kong, Taiwan and Macao.



**Taiwan: Local Impact of U.S. Trade Sanctions on PRC Viewed***OW1505152296 (Internet) Taiwan Central News Agency WWTV in English 1445 GMT 15 May 96*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, May 15 (CNA) — Taiwan businesses investing in Mainland China could end up bearing the brunt of United States trade sanctions against Mainland China, the Bureau of Foreign Trade (BOFT) said Wednesday [15 May].

BOFT officials advised Taiwan business persons to promote local markets in the mainland and diversify their export markets to places besides just the US.

The United States, having accused Mainland China of not doing enough in cracking down on the rampant piracy of music, computer software, and other products that has resulted in the huge losses for US firms, will soon unveil its sanctions list, worth an estimated US\$2 billion.

BOFT officials said that Taiwan companies investing in toy, garment, and electronics industries in the mainland will bear the brunt of the US's punitive import tariffs.

Most products on the sanctions list will belong to labor-intensive industries, the same Taiwan industries that have moved to the mainland. Since many Taiwan-invested businesses in the mainland get their raw materials, parts, and components from Taiwan, the effect on Taiwan's economy could be great.

The officials said that most of the products on the US trade sanctions list are produced by the same industries approved by the ROC Government for mainland investment. BOFT statistics show that Taiwan investment in textile projects in the mainland accounted for five percent of all approved investment there between 1991 and 1995, while garments accounted for five percent, plastic products one percent, rubber products two percent, and electronics products 13 percent.

To soften the impact on Taiwan's mainland investors, BOFT officials said that if the items on the sanctions list have been approved by the government for import into Taiwan, they will be allowed to come in and then be re-exported to other nations after reprocessing.

Taiwanese business people should consider the unstable relations between the US and Mainland China in assessing their business risks, according to the BOFT. They should also focus on local markets in Mainland China and diversify their export markets.

As for those who are still weighing the possibility of investing in the mainland, BOFT officials said that

they should first consider keeping their roots in Taiwan and investing here. They should also increase research and development work to upgrade the competitiveness of their products, and diversify their investments to Europe, Southeast Asia, and South America.

Meanwhile, Taiwan business people voiced their concern about US trade sanctions on mainland electronics and garment products to the US. They expressed the hope that Beijing and Washington could continue consultations to avoid a lose-lose situation.

Kao Chin-yen, chairman of the Chinese National Federation of Industries (CNFI), said that since Mainland China and the US have worked out their differences before, he is optimistic they will come to a solution in the end.

Another CNFI official said that US sanctions on Mainland China's electronics and garment products could affect Taiwan's exports of man-made fiber raw materials and electronic parts and components to the mainland.

Meanwhile, Lo Chih-cheng, chairman of the Taiwan Knitting Industry Association, said that Taiwan companies investing in the garment industry in Mainland China export most of their products to Japan, not the US, so the impact on Taiwan firms will be minor.

**Taiwan: Taipei Urges PRC, U.S. To Settle Differences***OW1605072496 Hong Kong AFP in English 0700 GMT 16 May 96*

[By Joyce Chiang]

[FBIS Transcribed Text] Taipei, May 16 (AFP) — Taiwan Thursday [16 May] cast itself as peacemaker in the growing Sino-U.S. trade dispute, calling for the two sides to settle their differences as soon as possible.

Officials and industry spokesmen voiced the hope that Washington's announcement Wednesday that three billion dollars worth of Chinese imports could face "prohibitive" sanctions, was only a negotiating gambit.

The United States has said the sanctions will take effect on June 17 unless Beijing cracks down on piracy of U.S. music, software, books and movies.

With some voices expressing concern that Taiwan would itself be a victim if the dispute turned into a commercial conflict, Economics Minister Chiang Pin-kung said he hoped U.S. sanctions against China would not hinder an eventual accord.

"I hope the U.S. announcement of the list of Chinese imports to be sanctioned is only meant to reach a final

agreement (with China), not aimed at adopting real retaliation," Chiang said.

Li Kao-chao, vice chairman of the Council for Economic Planning and Development, said a trade war between Beijing and Washington would severely affect Taiwan as the island had close economic and trade relations with both the giants.

The United States is Taiwan's largest trading partner, and Taiwan is the second largest investor in China, after Hong Kong.

Taiwan enterprises with investment in the mainland would bear the brunt of U.S.-imposed punitive tariffs against Chinese products, Li added.

Kao Ching-yen, chairman of the Taipei-based National Federation of Industries, said, "Taiwanese investors in the mainland would be hurt in the trade war as they exported most of their products to the United States."

Consumer electronics, toy and textile manufacturers would be hit the hardest, said Chuang Cheng-yuan at the Board of Foreign Trade.

Finished textile products predominate the list of Chinese imports targeted by Washington.

China lost little time in responding to U.S. sanctions and announced retaliatory measures, including additional 100-percent special tariffs and other restrictive measures.

Kao said he saw slim possibilities of a trade war, saying China will make a last-ditch effort to find an appropriate solution over the next 30 days.

Kao, whose President Food Group is Taiwan's largest investor in the mainland, also called on the United States to unconditionally extend the most favoured nation treatment to China.

Meanwhile businessmen were gearing up for dealing with the effects of an all-out trade war, should it break out.

"Taiwanese businessmen could transfer their semi-finished products from the mainland to Taiwan to minimize their losses in the trade war," said Chuang at the Board of Foreign Trade.

A spokesman for a local toy industry association said Taiwanese toy makers would shift their production bases to Southeast Asian countries should a U.S.-China trade war become a reality.

Some 25,000 Taiwan firms, most of them mid-sized, labor-intensive concerns, have poured some 23 billion U.S. dollars in investment in the mainland, often without the Taipei government's approval.

# **Taiwan: Premier Lien, Cabinet Resign**

OW1605092296 (Internet) Taiwan Central News Agency WWW in English 0900 GMT 16 May 96

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, May 16 (CNA) — Premier Lien Chan and his Cabinet Thursday [16 May] resigned en masse before the next president takes office on May 20.

Lien, who is also vice president-elect, will keep his post as the premier until the incumbent President Li Teng-hui is sworn in as the ninth president on Monday.

Under the ROC [Republic of China] Constitution, the premier, who is nominated by the president and approved by the legislature, must resign before a new president takes office or a new legislature holds its first session.

Lien, after tendering his resignation, thanked his Cabinet members for their efforts over the past three years.

He said that when he took over the job as premier in 1993, it was a time when the society was undergoing dramatic changes, the democracy was yet to take roots, and when economic development was undertaking structural transformation.

Though Lien said that he was unable to fulfill many of his goals, he was proud to say that his Cabinet nevertheless has laid a solid foundation for national development in the next century.

In line with President Li's promise in his presidential campaign that he will continue to push for constitutional, judicial, educational, financial and administrative reforms, the Executive Yuan has mapped out a national development project which is based on President Li's ideals to guide the country into the next century, Lien said.

# **Taiwan: President Li Rules Out Another Term**

OW1505152396 (Internet) Taiwan Central News Agency WWW in English 1445 GMT 15 May 96

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, May 15 (CNA) — President Li Teng-hui said on Wednesday [15 May] that he will not seek another term for President in 2000.

Li, who was re-elected President on March 23 for a four-year term, will be sworn in on May 20.

Li told ruling Kuomintang legislators Tuesday that he will take into consideration the country's needs in the



year 2004 in formulating policy and selecting a new Cabinet.

His remarks gave rise to speculation that he might seek another term in 2000.

Li clarified at a dinner with KMT National Assembly members on Wednesday that by referring to the year 2004, he was only emphasizing that the KMT should groom politicians for the country's long term needs.

He said the Constitution states clearly that ROC president is limited to only one re-election and that he would not violate that rule.

The ROC's first popularly elected president told his audience that he will definitely step down in 2000.

#### **Taiwan: Over 1,000 Reporters To Cover Li Inauguration**

*OW1505140796 (Internet) Taiwan Central News Agency WWW in English 1233 GMT 15 May 96*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 15 (CNA) — More than 1,000 reporters, camera operators, and photographers from here and abroad will cover the historic ROC (Republic of China) presidential inauguration ceremony under tight security on May 20, the organizing committee announced on Wednesday [15 May].

"To be precise, there will be 1,177 local and foreign journalists covering the inauguration ceremony at the Taoyuan Dome," a committee official said. The modern stadium is about 30 kilometers from Taipei.

Among the foreign mass media to cover the ceremony, during which President Li Teng-hui will deliver a speech, will be the U.S.-based CNN cable network, the British Broadcasting Corporation, and Japan's TBS and ABC.

Li, who won a resounding victory in the first direct presidential election on March 23, will be sworn in at the Presidential Office before being driven to Taoyuan.

Li's meetings with foreign heads of state and special envoys, as well as the banquets held in their honor, will be the other focuses during the day's celebratory activities.

"Security will definitely be given top priority by the organizing committee, given the presence of so many foreign dignitaries," the official stressed.

So far 24 countries are planning to send special missions to Taipei to attend the inauguration. Among them, nine will be led by heads of state, according to the Ministry of Foreign Affairs.

Wu Poh-hsiung, secretary-general of the Presidential Office, is serving as chairman of the organizing committee, which is made up of eight groups.

#### **Taiwan: Vatican Envoy to Attend Li Inauguration**

*OW1505141196 (Internet) Taiwan Central News Agency WWW in English 1205 GMT 15 May 96*

[By Lin Wenfen]

[FBIS Transcribed Text] Taipei, May 15 (CNA) — Vatican Ambassador to South Korea Archbishop Giovanni Bulaiti will attend President Li Teng-hui's inauguration on May 20 on behalf of Pope John Paul II, the Embassy of the Holy See in Taipei said on Monday [13 May].

Archbishop Bulaiti is scheduled to arrive in Taipei on May 18 and leave on May 21.

The Vatican is the only country in Europe that maintains diplomatic ties with the Republic of China (ROC). When the last ROC presidential inauguration was held six years ago, the Vatican also sent its ambassador to South Korea to attend the ceremony.

Meanwhile, the American Institute in Taiwan (AIT) said on Monday that it cannot confirm reports that President Clinton's friend, Vernon Jordan, a lawyer, will lead the U.S. special mission to attend the inauguration ceremony.

The final name list of the special delegation is still under discussion, AIT spokeswoman Jennifer Galt said.

#### **Taiwan: Inauguration Celebrations on 20 May Detailed**

*OW1605095696 Taipei Broadcasting Corporation of China News Network in Mandarin 2300 GMT 15 May 96*

[Report by Huang Yu-wen; from the "Hookup" program]

[FBIS Translated Text] All the preparations for the inauguration of the ninth president and vice president on 20 May have been made. The swearing-in ceremony and other inauguration activities will begin at 0800 [0000 GMT] and end at 2000 [1200 GMT] on that day. [Broadcasting Corporation of China reporter] Huang Yu-wen has the report.

[Begin recording] [Huang] All the preparations for the inauguration ceremony and celebrations on 20 May have been made. At 0800 [0000 GMT], President Li Teng-hui and Vice President Lien Chan will be sworn in at the Presidential Office. Then they will proceed to the Taoyuan Bowl where President Li will deliver a 30-minute inauguration speech. After that, the president

and vice president will proceed to the Taoyuan Stadium to attend the celebrations — which will include a performance given by the defense ministry's honor guards of the three services and an aerial show given by the Air Force's Thunder Tiger Acrobatic Team — and receive the masses' cheers.

From 1600 to 1700 [0800-0900 GMT], President Li, Vice President Lien and their wives will meet foreign dignitaries at the Presidential Office and accept their congratulations. At 1830 [1030 GMT], the president and vice president will host a state banquet at Yangmingshan's Sun Yat-sen Hall in honor of foreign dignitaries.

There will be many other celebration activities in non-governmental sectors. For example, there will be a fireworks show by the Tamshui River's No. 6 Watergate. The fireworks this time will be different from those let off on National Days in the past. They will be something to see. Legislator Liu Tsung-fan, chairman of the presidential inauguration preparatory committee, said:

[Liu] The fireworks display this time will be the most magnificent one people in Taiwan have ever seen. In terms of quantity, the fireworks this time will be about three times that set off at National Days, which usually lasted only one hour each time.

[Huang] Additionally, 2,100 artists of 17 art troupes will stage musical programs and other performances at the Chiang Kai-shek Memorial Park at 1400 [0600 GMT]. A dance party for young people will be held at the World Trade Building square at 1900 [1100 GMT]; and a soiree will take place at the Sun Yat-sen Memorial Hall at 2000 [1200 GMT]. This is BCC reporter Huang Yu-wen at the Executive Yuan. [end recording]

**Taiwan: Lien Asks Government To Break Even by FY01**

OW1505152996 (Internet) Taiwan Central News Agency WWW in English 1501 GMT 15 May 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 15 (CNA) — Premier Lien Chan Wednesday [15 May] demanded that the central government, which has been plagued by financial strains for years, streamline its financial management in the hope of eventually breaking even by fiscal 2001. Taiwan's fiscal year begins on July 1.

Lien also asked that the government keep national expenditures in principle under 30 percent of the gross domestic product.

Lien's directives came after he heard a report prepared by a special group of the Council for Economic Planning

and Development, Taiwan's highest economic planning agency.

The group, organized to improve national finances, recommended in the report that the government seek new sources of income, though it did not rule out the possibility of raising taxes.

The group also suggested that the existing income tax be changed to make it more like a "consumption tax" in line with the global trend.

**Taiwan: DPP Allows Members To Serve as Presidential Advisers**

OW1505152596 (Internet) Taiwan Central News Agency WWW in English 1445 GMT 15 May 96

[By Lin Wenfen]

[FBIS Transcribed Text] Taipei, May 15 (CNA) — The opposition Democratic Progressive Party (DPP) decided on Wednesday [15 May] to allow three of its senior members, including former chairman Huang Hsin-chieh, to become advisors to President Li Teng-hui.

DPP Secretary-General Chiu Yi-jen said that his party decided at its Central Standing Committee meeting that Huang can accept the invitation from the Presidential Office to be a senior advisor to the President, and that former lawmaker Chiu Lien-hui and ex-Kaohsiung County magistrate Yu-Chen Yueh-ying can accept appointments to be national policy advisers.

In light of reports that the new Cabinet may also recruit members from the DPP, Chiu stressed that the DPP requires its members to report first to party headquarters if they are offered such "honorary" positions as presidential advisor or Cabinet member, and that they must abide by all party decisions.

When the appointments, which have yet to be announced officially, were revealed on Monday, Huang and the other two DPP heavyweights voiced their pleasure at the chance to serve the country, but added that they needed the DPP's approval before they could accept the appointments.

In a news briefing after the meeting, Chiu said that the DPP approved the appointments on the grounds that the three respected DPP members have contributed significantly to the evolution of Taiwan's democracy.



**Taiwan: DPP To Set Up Taiwan-Japan Youth Forum**

OW1505152196 (Internet) Taiwan Central News Agency WWW in English 1358 GMT 15 May 96

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, May 15 (CNA) — The ROC Democratic Progressive Party (DPP) will set up a non-partisan Taiwan-Japan Youth Forum as a way to enhance the friendship between the two countries, former DPP chairman Shih Ming-teh said on Wednesday [15 May].

Shih, who just returned from a visit to Japan at the head of a DPP delegation, told a news conference that Japan is expected to dispatch a delegation to Taipei in June or July for further talks on the formation of the youth forum. He said he hopes the forum will replace the teetering Japanese Diet's Council for Japan-ROC Relations as a new channel for contacts.

Giving an account of his Japan trip at the news conference, Shih said that young Japanese politicians are very concerned about the Taiwan issue, and want to establish a regular channel of contacts with the island.

Shih said the DPP delegation urged Japan to consider the Taiwan issue not from China's, but from Taiwan's point of view, and follow the steps of the US to enact a Japanese version of the Taiwan Relations Act.

Contrary to Beijing's expectations, its military threats against Taiwan brought the island into the international spotlight and to some extent made the island's future an international concern, which was the last thing Beijing wanted to see, Shih said.

He added that Taiwan's international status was also promoted by the island's first full democratic presidential election.

**Taiwan: Tokyo Journal Reports on 'Secret' PRC Document**

OW1605065996 Tokyo SAPIO in Japanese 22 May 96 pp 11-14

[Article by Tan Luomei, Chinese journalist in the United States: "Copy of 'Secret Document' for Senior Cadres' Use Detailing Military Capability of Taiwan Armed Forces Obtained in New York"; ellipses as published]

[FBIS Translated Text] *Once a week, there is a document on Taiwan that is only available to the top leadership of the PRC government and the People's Liberation Army [PLA]. The author recently obtained a copy of that document. This report, which analyzes internal documents of the Taiwan army and concludes that there is a strong possibility that missiles and other offensive*

*weapons will be used, demonstrates the excellent ability of the PRC in gathering top-secret information. How is this secret report on Taiwan reflected in China's policy toward Taiwan?*

Beginning around January 1996, before the presidential election in Taiwan, there had been frantic activities in the PRC in preparation for the military exercises.

At that time, I received an unexpected long-distance call.

"I have a certain document here. I think there will be interest in Japan."

Toward the end of January, I attended a big party celebrating the Chinese new year and spring festival held in New York. There, I was introduced to a Chinese person. I was told he was a graduate student. The slim, handsome young man was very polite and friendly. I only exchanged a few words with him then; so when he called me up at home suddenly one day, I could not remember at once who he was. The voice over the phone was cheerful.

"This cannot be shown to the Taiwanese. You said you were from Japan; that is why I decided to contact you..."

His intriguing words gave me a foreboding of something unpleasant. After talking for a while, I realized what he wanted. This man wanted to sell top secret information on the PRC in Japan, and the information was supposedly an important document related to Taiwan.

"The Foreign Ministry will be very interested, since this is important reference material available only to China's VIP's."

"If what you have is indeed top secret material, then you are selling state secrets to a foreign country," I asked him.

"Well, who cares?... However, it will depend on the price."

After asking a few more questions, the man, who became impatient over my refusal to trust him, said: "Okay, I will fax you a portion for your reference. You will see after looking at the fax." He then hung up.

I frowned after looking at the document that came out of the fax machine shortly after, because at one glance, it was obvious that this was something I had never seen before. If that was the top-secret document he was talking about, evidently somebody who has access to information at the core of the Chinese leadership, and who is blinded by greed, was trying to leak secrets to a foreign country.

**Internal Documents of the Taiwan Army Being Read by the Top PRC Leadership** The document in question is an A-4 size copy of a file entitled "Taiwan Report." A total of 30 pages, or approximately the entire file, were sent to me.

This file is issued very week and is read only by a handful of VIP's in China. Probably it is only available to Jiang Zeming (state president), Li Peng (premier), other political leaders, and the top echelon of the PLA, and is probably an important reference material for making policy on Taiwan. I decided to look at the contents.

The table of contents has six sections: "Political Situation," "Activities of the Democratic Progressive Party," "Relations Across the Strait," "Taiwan Economy," "Military Developments," and "Social Situation." Each section contains three or four separate reports. In other words, it is a weekly brief on all aspects of the Taiwan issue. The reports even include reproductions from Taiwan news reports, rumors circulating in the local communities, and items which are nothing new. However, I paid special attention to "Military Developments."

There were four pages on "Military Developments." The first page contains a report entitled "Resumption of Development of Medium-Range Missile in Taiwan." The following is a summary of the contents:

Taiwan started development of medium-range missiles around 1978 and 1979, but this was suspended shortly after. Missile development is expected to resume soon. Previously, Taiwan was in the process of developing the "Chingfeng" missile, with a range of 100 km, and the "Tienma" missile, with a 1,000-km range. In the future, joint development with a foreign country is possible because of technical problems.

However, questions are now being raised about the high cost and the purpose of these missiles after development is completed. The report concludes dryly that while Taiwan feels the threat from the PRC's missile tests, China will not be shocked even if Taiwan fires missiles into Fujian Province.

Moreover, there is the opinion that it would be much faster to buy missiles from foreign countries rather than develop them. On the other hand, Liu Tse-hsiang, former chief of the general staff, also suggested to President Li Teng-hui joint development of the latest models of submarines with foreign countries. He won the approval of the top military leaders.

The report points out that in any case, Taiwan's arms buildup program has entered a new phase. There is a strong possibility that missiles and other offensive weapons will be used.

The next article is on "Taiwan's Military Exercises." It gives the details of over 70 rounds of major military exercises conducted by Taiwan in the last 20 years.

The last page of the copy describes the weakening of Taiwanese soldiers. It reports that the problem is a severe shortage of personnel, plus inadequate education and lack of experience. This also leads to inferior quality and poor military discipline, and suicides and murders are allegedly rampant.

I noticed that at the beginning of this portion, the passage "according to documents of the Eighth Army Corps" is used. This undoubtedly refers to internal documents of the Taiwan army. However, it is unclear when and how such documents were taken out and given to the author of this report, and who was involved. Unfortunately, the fax ends here abruptly.

It is indicated here that the report was written in November 1995. In reality, the Taiwan army's development of missiles subsequently created a major stir in military strategy between the PRC and Taiwan.

In late 1995, President Li Teng-hui decided to promote local production of new surface-to-surface missiles by improving on the "Tienkong" surface-to-air missiles (60 to 120 km range). However, within less than 6 months, another decision was suddenly made in mid-April to suspend the program. The reason behind this was not only cost and technical issues, as pointed out in the PRC report, but also the desire not to provoke China.

I decided to review developments in China during this period, and realized that strangely enough, the same thing was pointed out at an important meeting.

This was the "Strategic Conference on the Political Situation Across the Taiwan Strait" held on 11 March 1996. It was stated at the meeting that "if Taiwan uses offensive weapons, such as mid- or long-range missiles, or bombers against the Chinese mainland, we will take military action against Taiwan." PRC Military Leaders See "10 Conditions" Calling for Immediate Attack on

#### **Taiwan**

Let me go into more details about the situation before and after the meeting.

According to the Hong Kong magazine CHENGMING (April 1996), on 10 March, shortly before the presidential election in Taiwan was held, the PRC held an enlarged Central Military Commission [CMC] meeting in Zhongnanhai. The existing division of military regions was radically reorganized, and it was announced that a "Southeast Theater" encompassing the boundaries of military regions would be created. Zhang Wannian,



vice chairman of the CMC, was designated chief commander of this theater. This plan was implemented on the very day it was announced.

Subsequently, a military conference of the largest scale, involving defense and strategic research institutes, intelligence units, and a large number of other military divisions, was held for three days from 11 to 13 March at Xishan in Beijing. This was the "Strategic Conference on the Political Situation Across the Taiwan Strait" mentioned earlier.

Military leaders attending the meeting included the four CMC vice chairmen, namely, Liu Huaqing, Zhang Zhen, Zhang Wannian, and Chi Haotian, and they all gave speeches. This easily shows how important the meeting was.

Of course, the purpose of the meeting was to analyze the effects and implications of the PRC's military exercises on Taiwan. During the meeting, Liu Huaqing made a speech on behalf of the CMC, and cited "10 conditions on the Taiwan side" that would call for a decision to attack Taiwan immediately. The "missile-related statement" cited above was included.

For the readers' reference, the "10 conditions on the Taiwan side" are as follows:

1. The Taiwan authorities secede from China and declare independence.
2. Major Western nations recognize Taiwan as an independent, sovereign state.
3. Taiwan gains the support of Western nations and attempts to become a UN member, thus aiming at creating "one China and one Taiwan" or "two Chinas."
4. The United States manipulates Taiwan politically or militarily.
5. Taiwan develops nuclear arms with the support of the United States and threatens the security of the Chinese people.
6. Taiwan concludes any form of anti-China or anti-unification treaty with the United States.
7. Taiwan concludes any form of anti-unification political or military treaty or agreement with Japan.
8. Taiwan directs mid- or long-range missiles or bombers toward China.
9. Political upheaval occurs in Taiwan, leading to the Taiwan authorities' loss of political control and penetration of foreign forces.
10. Taiwan joins hands with anti-China forces in the West, and begins to invade the mainland.

Liu declared openly to the meeting that in the event any one of the above conditions takes place, China "will not hesitate to take military action to subjugate Taiwan in order to accomplish the glorious mission of unifying the motherland."

Looking at these "10 conditions on the Taiwan side," I was amazed. On the whole, there is nothing new in these items. Most of them pertain to a considerably broad situation, such as independence, UN membership, U.S. support for Taiwan, conclusion of treaties with foreign countries, and development of nuclear arms, which had been mentioned in the past. All of them will take a long time to reach a conclusion.

In contrast, I felt that the item on missiles is extremely short-term and specific. This was also a sign of apprehension about the military buildup of Taiwan's armed forces.

It goes without saying that there is no difference between this item, together with the item on political upheaval, and those pending issues that the Chinese Government has long been pointing out. However, if these items should be taken as endorsement of the fact that progress has been steadily made over the past years in getting a bearing on Taiwan's internal situation, then it is not strange at all that greater achievements have been steadily made in surveillance of Taiwan.

It can be surmised that the sample report that the man in question sent me is probably one of the top-secret materials that have been used to impose surveillance on Taiwan.

#### **Next Large-Scale Chinese Military Exercises To Be Conducted Immediately Following Taiwan President's Inauguration**

It is true, but it is of little surprise that China's top secrets have been leaked. Nearly one-third of Hong Kong information is published as "top-secret internal information." To distinguish the true from the false, there is no other alternative but to rely on one's long experience.

Under such circumstances, what is particularly noteworthy of late is a report published in DONGXIANG [Development] (February 1996 issue). The report entitled "the Long-Term Program for Military Exercises" is also labeled as "a top-secret document." The report carries a description of the details of discussions conducted and decisions made at a session of the CPC Central Military Commission held on 15 January, two months before the start of the military exercises in March. In fact, since the details conform to the actual exercises conducted in March, the details of the future schedules are highly reliable.

16 May 1996

# TAIWAN

99

According to this report, China plans to conduct military exercises against Taiwan in roughly four periods this year. The schedules are as follows:

The first period, on and after 10 March; the second period, on and after 10 June; the third period, on and after 2 September; and the fourth period, on and after 18 November.

Moreover, in terms of scale, it is reported that China is scheduled to conduct eight large-scale exercises of the first grade, 18 medium-sized exercises of the second grade, and a total of 48 small-sized exercises of the third grade.

The exercises to be conducted over the four periods are codenamed "Haixia [Strait] 96 Exercise One," "Haixia 96 Exercise Two," "Haixia 96 Exercise Three," and "Haixia 96 Exercise Four" respectively. It seems that these exercises will be conducted with the large-scale exercises of the first grade playing the major role, and a large-scale exercise together with medium-sized exercises of the second grade and small-sized exercises of the third grade are scheduled to be conducted as a package.

Among these exercises, the first-period exercises of "Haixia 96 Exercise One" have already been completed, with the target set on Taiwan's presidential election on 23 March. As is known to all, however, these exercises were sufficient to plunge the people into terror.

According to CHENGMING mentioned above, those units participated in the large-scale joint exercises of the three branches of the armed forces are the Third Division under the Second Artillery (missile) Force, the Air Force units of the Nanjing Military Region, the Air Force units of the Guangdong Military Region, the East Sea Fleet, and the South Sea Fleet. In particular, it has been disclosed that the four units of missiles launched by the Second Artillery Force on 13 March were not of the M-9 type as speculated by outsiders but actually missiles of the M-18 type launched from "No. 2054" base in Hunan Province. These missiles are terrific in power, reportedly having a range of 1,200 kilometers and an effective striking range of 1,000-1,100 kilometers.

Positioning the exercises as a psychological warfare against Taiwan and as military exercises conducted to find out what measures the United States would take, China has been stating boastfully that the recent large-scale exercises have made great achievements. It is because the U.S. forces' intervention was much smaller in scale than its original estimation and also because China is now clearly convinced of its ability to take the initiative in warfare against Taiwan.

Now what is important is what will follow in the future. How many exercises are actually planned after the spring? When, and on what scale? There is no knowing the adverse influence on the sense of crisis cherished by the people of the world, the people of neighboring countries in particular.

Nevertheless, it is a matter of regret except that the second period — the "Haixia 96 Exercise Two," scheduled on and after 10 June — will be due soon. And it happens that the "Haixia 96 Exercise Two" will be conducted around the time when the ceremony for the president's inauguration will be held in Taiwan on 20 May. This fact makes the prediction more realistic. The exercises will take place right at the time when President Li Teng-hui intends to start taking practical measures to handle the political situation after completing the glorious inauguration ceremony.

If China should conduct large-scale exercises once again at this juncture, it is quite obvious that a very serious commotion will be aroused and that President Li's efforts to carry out his practical tasks will be seriously affected. It goes without saying that President Li will completely lose face. Foreseeing all these results, China may actually decide to persist in conducting these large-scale exercises. In that case, it may be said that China will be able to sufficiently attain its objectives.

From a long-range view, if China should take the hard-line course of continuing to conduct military exercises while overcoming worldwide opposition, these exercises will do nothing but aggravate China's negative image. Since China may be determined to take this course despite its awareness of the possible adverse effects, it will be necessary for China to be ready to bear a considerably serious retaliation.

Incidentally, with regard to the offer made by the man I mentioned at the beginning for selling this secret material in Japan, I politely declined because I felt that it might involve a very important line of demarcation that I should never cross.

**Taiwan: Vice Economics Minister Li To Visit Japan**  
OW1605094996 (Internet) Taiwan Central News Agency WWW in English 0900 GMT 16 May 96

[By Elizabeth Hsu]

[FBIS Transcribed Text] Taipei, May 16 (CNA) — S.J. Li, vice minister of economic affairs, will head a trade mission to Japan on May 26 to woo Japan's investment and promote technology transfer, a spokesman of the Ministry of Economic Affairs (MOEA) said Thursday 16 May].



The spokesman said the delegation will sponsor a series of seminars in Tokyo, Osaka and Nagoya to introduce Taiwan's investment climate and the blueprint of the island's industry development.

Li, who is in charge of formulating the ROC's [Republic of China] industry development policy, will brief Japanese manufacturers on Taiwan's technology development and investment opportunities.

The MOEA official said that the delegation will target on the Japanese high-tech companies in the areas of semi-conductor, personal computer and sophisticated machinery.

Li visited Japan twice over the past three years. To reduce Taiwan's huge trade deficit with Japan, the ROC government has spared no efforts to explore the Japanese markets and promote Japanese investment in Taiwan.

**Taiwan: Minister Says Trade Gap With Japan Expected To Drop**

OW1505145996 (Internet) Taiwan Central News Agency WWW in English 1358 GMT 15 May 96

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, May 15 (CNA) — Economic Affairs Minister P.K. Chiang said Wednesday [15 May] that Taiwan's trade deficit with Japan could drop to US\$15 billion this year.

Chiang made the remarks after returning to the CKS International Airport from his 12-day, four-nation tour to Panama, the United States, Japan, and Indonesia.

He said that during his visit to Japan, he met with Japanese business leaders and joined a Taiwan trade promotion delegation there. Though he stayed in Japan for only two days, he was happy to learn that Taiwan business persons had received orders worth US\$280 million.

Chiang said that Taiwan's trade deficit with Japan in the first four months of this year totaled US\$5 billion, down 10 percent from the same time last year. If Taiwan does not increase its imports from Japan significantly before the end of year, the trade deficit could fall within a range around US\$15 billion for 1996.

Chiang also said that Japanese manufacturers several times expressed to him a willingness to cooperate with Taiwan firms in investing in Mainland China and Southeast Asia. He said that in the future, there will be even more room for business cooperation between the two nations.

**Taiwan: Delegation Concludes 3-Nation European Tour**

OW1405120496 (Internet) Taiwan Central News Agency WWW in English 0917 GMT 14 May 96

[By M.J. Tzou and Lilian Wu]

[FBIS Transcribed Text] Paris, May 13 (CNA) — The ROC [Republic of China] delegation concluded their three-nation tour in Europe Monday [14 May].

Jason Hu, director-general of the Government Information Office; Su Chi, Vice Chairman of the Mainland Affairs Council, which charts Taiwan's policy toward mainland China; and Chiao Jen-ho, Vice Chairman and Secretary-General of the Straits Exchange Foundation, a quasi-official body authorized to handle exchanges with the mainland, visited Britain, the Netherlands and France in the past week.

During their stay in the three nations, they attended seminars with local opinion leaders, met foreign media, and expounded the significance of democratic development in Taiwan.

Speaking on the cross-Taiwan Strait situation, Hu reiterated that Taiwan's efforts to seek greater international profile are not acts to split China. He said that the unification of China is the consistent goal of the government but the goal will only be achieved after people on both sides of the Taiwan Strait enjoy "freedom, democracy and social equality."

In an interview with French radio journalist Roseline Hyams, Su Chi reiterated that the premise of the unification of China must be on the principle of parity.

He refuted the sovereignty claims of China over Taiwan, saying that Mainland China has never exercised its jurisdiction over Taiwan.

Su said that President Li Teng-hui's landslide victory in the presidential election in March showed that the people in Taiwan have confidence in his leadership. Basically, the government's attitude toward cross-strait relations will be pragmatic and flexible, he said.

Meanwhile, Chiao Jen-Ho said in another interview Monday that the ROC is dedicated to the preservation of Chinese culture while Mainland China had destroyed it in the Great Cultural Revolution.

Chiao said that the democratic development in Taiwan has won the recognition in international community. To Beijing's accusation that Taiwan was covertly going down the path of independence, Chiao said that popular election is an important step in the democratization process and is in tune with the world trend.

16 May 1996

# TAIWAN

101

The ROC delegation left Paris Monday to return to Taiwan via London.

## Taiwan: European Trip Helps Boost Communication

OW1505094696 (Internet) Taiwan Central News Agency WWW in English 0843 GMT 15 May 96

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 15 (CNA) — Jason Hu, director-general of the Government Information Office, said on Wednesday [15 May] that his recent trip to Europe has helped promote international understanding and improve face-to-face communication.

Hu made the remarks at a news conference after returning from the 10-day trip on Tuesday.

Hu, accompanied by Su Chi, vice chairman of the Mainland Affairs Council, the Republic of China (ROC)'s top mainland policy-making agency, and Chiao Jen-ho, secretary-general of the Straits Exchange Foundation, the intermediary body authorized by Taipei to handle civilian exchanges with Mainland China, visited Britain, the Netherlands and France.

The main purpose of the trip, Hu said, was to let the international community gain an understanding of the ROC's commitment to democracy and peace. "Only through face-to-face communication with local opinion leaders can the world hear our voice," he noted.

In addition to introducing the ROC's first-ever direct presidential election in March, Hu said they also stressed the government's firm stance on China's peaceful unification under democracy and prosperity.

As the international community is concerned about Taiwan's efforts to join the United Nations, Hu said they also explained the ROC Government's stance on the issue by stressing that Taiwan's UN bid is not aimed at creating two Chinas.

## Taiwan: Sovereign Rights Over Territorial Waters Affirmed

OW1605100096 (Internet) Taiwan Central News Agency WWW in English 0944 GMT 16 May 96

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, May 16 (CNA) — The Government Information Office (GIO) issued a news

release Thursday [16 May] reaffirming the Republic of China (ROC)'s sovereign rights over its 12-nautical-mile territorial waters and 200-nautical-mile economic zone.

The GIO issued the statement after Beijing announced base lines and points for setting its territorial waters and economic zone on Wednesday.

According to Beijing's announcement, areas surrounding such ROC defense outposts as Kinmen (Quemoy), Matsu and Wuchiu would lie inside Mainland China's territorial waters.

The GIO said the ROC already expanded its territorial waters to 12 nautical miles and set its 200-mile economic zone in 1979. Beijing's latest announcement has infringed upon the ROC's sovereign rights.

In accordance with international law and customs, the GIO said, the ROC is entitled to all rights the United Nations Maritime Convention gives to a sovereign nation even though it still cannot join the convention at the moment. The ROC is not a UN member.

The UN convention, which took effect in 1994 as the most comprehensive international law of the sea, allows nations to establish a 12-nautical-mile territorial sea and gives them the right to explore, develop, preserve, and manage natural resources in the 200-mile economic zone.

In its statement, the GIO also reaffirmed the ROC's sovereignty over Tiaoyutai (Senkaku), a group of small islands off northern Taiwan coast, which is also claimed by Japan and Mainland China.

In addition to Mainland China, other ROC neighbors, such as Japan and South Korea, have also announced establishment of their own exclusive economic zones. Japan and Mainland China have begun negotiations for settling problems related to demarcation of their economic zones and fishing operations.

An opposition New Party legislator, Fu Kun-cheng, urged the government to open similar negotiations with Mainland China as soon as possible to protect the ROC's sovereign rights.



## Hong Kong

### Hong Kong: Hong Kong, PRC Reaction to U.S. Hit List

HK1605074196 Hong Kong RTHK Radio Four  
in English 0500 GMT 16 May 96

[From the "News at One" program]

[PTS Transcribed Excerpt for FBIS] The government is assessing the impact of the possible trade war between the United States and China on the local economy. The Secretary for Trade and Industry (Denise Yue) said that she hopes the two sides will resolve their differences through dialogue.

[Begin Yue's speech] The United States and China are Hong Kong's two largest trading partners. If there are any disputes, trade disputes, between the U.S. and China, the situation will not fare well for the economic development of Hong Kong, so we remain concerned about the Sino-U.S. intellectual property dispute problems, but we remain hopeful that the dispute can still be resolved through dialogue, through discussions, through further consultations in the remaining days to June 17th, so there will be no need for either party to activate the respective hitlist. [end of Yue's speech] [passage omitted; response from the local American Chamber of Commerce] A Chinese trade official has accused the United States of ignoring efforts made by Hong Kong and China in combating the export of pirated CD's. She alleged that the U.S. was using the copyright issue to influence Chinese culture, (James Lee) reports from Beijing.

A senior negotiator in China Ministry of Foreign Trade and Economic Cooperation (Jiang Yuejiao) said since China and the United States signed an agreement to protect intellectual property rights, Beijing has taken resolute measures to crack down on copyright piracy throughout the country. She said this included the closure of seven factories involved in the production of pirated CD's as well as the formation of 120,000-strong task force to enforce copyright protection. She said Hong Kong customs and its mainland counterpart have also been working closely to combat the export of pirated CD's. Miss (Jiang) said Washington paid little attention to this effort and said Washington's demand to allow U.S. enterprises to make audiovisual programs in China was an attempt to break into the Chinese cultural market and penetrate China's ideological field.

### Hong Kong: Hong Kong To Suffer in Sino-U.S. Trade War

HK1605060096 Hong Kong EASTERN EXPRESS  
in English 16 May 96 p 7

[By Sara French]

[PTS Transcribed Text for FBIS] The integration of the Hong Kong and Guangdong economies — normally a source here of great pride and economic strength — is now backfiring against the territory as the United States focuses its wrath on pirates in the Chinese province.

With the US targeting its preliminary hit list against industries located in Guangdong, which is home to most of the 30 or so Chinese plants the US says are flooding the world with illegally made compact discs, the territory is feeling the heat as well.

It is inevitable that Hong Kong would suffer in any trade war between its two largest trading partners, because China and the US together accounted for 47.6 per cent of the territory's overall trade last year.

This year, however, by choosing a strategy designed to get Guangdong's attention, the US is drawing Hong Kong into the line of fire — something it is thought to have tried to avoid during last year's Sino-US brinkmanship.

Sporting goods, clothing and electronics figure prominently in the draft sanctions list, scoring direct hits on the territory's second-, third- and fourth-ranked re-export commodities to the US. Finished textile products took the biggest whack, accounting for about US\$2bn [billion U.S. dollars] (about HK\$15.6bn) of the US\$3bn worth of Chinese-made goods on the list.

Consumer electronics came next, with such items as fax machines and cellular phones amounting to US\$500m. The remaining US\$500m on the list hit other consumer goods, including sporting goods.

"Devastating" was how James Tien, the chairman of the General Chamber of Commerce and immediate-past president of the Garment Manufacturers' Association, described the potential impact of the punitive sanctions on the clothing industry. Tariff rates of 100 per cent would "wipe out" the China-based garment industry, he said, because US-based manufacturers would be able to underprice their Chinese competition.

Alex Conroy, a Shanghai-based analyst for ING Barings, said the textile sector was China's biggest foreign-exchange earner, accounting for about 30 per cent of the country's manufactured exports.

She said the mainland's textile industry was in "sort of a mess already" and had been counting on an increase in

exports to the US and Europe later in the year to "start correcting that situation".

**Hong Kong: Financial Sector Reaction to Sanctions 'Muted'**

HK1605061096 Hong Kong SOUTH CHINA  
MORNING POST (BUSINESS POST) in English  
16 May 96 p 12

[By David Ibison and Cheung Lai-Kuen]

[PTS Transcribed Text for FBIS] The threat of billions of dollars of sanctions against China for the second time in two years has evoked a muted and almost apathetic reaction from the territory's financial community.

Similar sanctions were announced by the United States early last year, but a last minute agreement was reached and they were never imposed. Experts said there was no reason to assume the same would not happen this year.

Despite weighty rhetoric used by Chinese and US negotiators following the breakdown of the talks, this year's sanctions were last night dismissed as an "empty threat" and "purely cosmetic" by economists and representatives of trade organisations in Hong Kong.

The stockmarket — which soared on the day the US announced sanctions last year — discounted the threat, rising steadily during the day to close up 45.9 points at 10,863.83 on turnover of \$4.43 billion and was expected to hold up well today.

"The market has had years to get used to this sort of news," said Kevin Chan, an economist at Salomon Brothers.

An economist at a British house said the market had demonstrated new-found maturity in avoiding a knee-jerk reaction to the threat of sanctions and keeping its head.

"Everyone here knows that neither China nor the US can afford to actually implement their threatened list of sanctions," he said.

Ranjan Pal, chief economist at Jardine Fleming, argued that although the sanctions were a serious development, it was a virtual certainty that an agreement would be reached between the two sides during a 30-day cooling off period. "It will follow the same pattern as 1994 and 1995. The US announces a list, China will announce another list and at the end of the day the Chinese will buckle down and agree," he said.

But Sung Yun-wing, chairman and professor of the Chinese University of Hong Kong's Economics Department, warned against complacency.

Mr Sung said he was not convinced the dispute could be solved with certain left-wing elements in China urging the authorities to take a tough stand against the US this year.

Economists said if no agreement was reached this year the effects could be extremely serious, knocking a minimum of one percentage point off Hong Kong's gross domestic product (GDP) growth.

Edward Leung, chief economist at the Hong Kong Trade Development Council, said: "If there are sanctions there is always a negative effect on Hong Kong."

"It will affect Hong Kong re-exports and imports of Chinese products will be undermined. GDP growth will suffer." Marc Faber, head of boutique investment house Marc Faber Associates, said: "If the US really wanted to do something serious to affect China it would have revoked Most-Favoured Nation trading status."

"In the US you have two factions — the politicians who want sanctions because of their principles and the businessmen who are against sanctions to protect their business."

"The businessmen will win." Experts emphasised the chance of there being no agreement was extremely slim.

**Hong Kong: Sanctions To Affect Electronics Industry**

HK1605060296 Hong Kong EASTERN EXPRESS  
in English 16 May 96 p 7

[By Louisa Lim]

[PTS Transcribed Text for FBIS] Punitive sanctions on electronics exports from the mainland will hit Hong Kong's electronics industry hard, analysts warned yesterday.

The United States last night announced substantial trade sanctions against China for failing to stem rampant pirating of US intellectual property, among the US\$3bn (about HK\$23.4bn) of targeted goods, US\$500m worth are electronics.

Elizabeth Cheng, at James Capel, said the impact on the local electronics industry would be "tremendous".

"Most of the Chinese electronics firms are joint ventures with Hong Kong or Taiwan, so it's natural that Hong Kong will be affected very seriously," she said.

"A substantial proportion of electronics manufacturing is now done in China, especially labour-intensive work, such as assembling the mother boards and circuit boards," Cheng added. Given the time factor and the



cost, electronics companies would find it very hard to shift their production bases elsewhere, she said.

Peter Milliken, from DBS Securities, said small and medium-sized companies would bear the brunt of sanctions while larger companies would not be greatly affected.

However, he said, many companies were experienced at dealing with this type of problem. "Trade issues pop up on a regular basis, and they generally find ways to get around these things."

Hong Kong exported HK\$379bn in electronics goods last year, accounting for a quarter of the colony's exports.

About HK\$88bn worth of that went to the US.

Charles Chapman, the executive director of the Hong Kong Electronics Industry Association, said earlier the territory "will be hurt significantly" on a trade war between China and US.

#### Hong Kong: Local Companies 'Well-Prepared' for Sanctions

HK1605064496 Hong Kong EASTERN EXPRESS  
in English 16 May 96 p 7

[By Lorraine Chan]

[PTS Transcribed Text for FBIS] Locally listed companies appear well-prepared for Washington's trade sanctions, though heavy casualties are inevitable if the trade war actually breaks out. Almost half of the listed garment manufacturers in Hong Kong have enormous exposure in the United States market. However, some are no longer frightened by the hit-list threat.

Tak Sing Alliance is one. Cheung Hing-kuen, a director of the denim products maker said while 52 per cent of the group's sales are from the US less than 10 per cent of those are produced in China.

"Most of the products we exported to the US are made in our plants in South Africa and Guatemala. Our mainland factory only caters for the Asian markets," Cheung said.

By contrast, High Fashion International seems to be more worried, a securities analyst said.

The silk garment maker with all its production facilities in China, derives about three-quarters of its sales from the US. Trade sanctions will devastate local footwear and electronics makers because of their heavy reliance on the US market.

Consumer electronics makers, for which the profit margin ranges between 5 and 10 per cent, will have little room to survive if a 100 per cent tariff is imposed,

an analyst with a Japanese brokerage said, adding that most consumer electronics makers in the territory have set their production plants on the mainland.

Among local electronics makers, Vtech Holdings, which sold 50.2 per cent of its products to the US market in fiscal 1995, might be hit the worst. About 90 per cent of Vtech's production capacity is from its mainland plant, the analyst said.

Johnson Electric Holdings would be in a comparably better position. On top of a relatively lucrative profit margin of about 20 per cent, an analyst with a European brokerage said it is less likely Washington will include the company's staple products on the list.

"Johnson Electric supplies micromotors to major automotive companies in the US. If the company is hurt, so is the US automotive industry," he said.

Preparing for the annual threat from the US government, Harbour Ring International Holdings, an original equipment manufacturer for toy companies, established a plant in Indonesia two years ago. However, toys were not targeted in the list released last night as expected.

While the group makes 90 per cent of its products in China and derives half of its sales from the US, a spokesman for Harbour Ring said the Indonesian plant could easily take up 40 per cent of the group's orders, and thus the impact of any sanctions on the group could be minimised.

Despite expectations toys would be included on the list, David Yip, the chairman of RBI Holdings, a toy maker, said he has yet to receive any orders from customers demanding early delivery of goods.

#### \*US market exposure

Garment or textiles maker	%
High Fashion International	7.2
Tungtex (Holdings)	86.1
Easyknit International	93.6
Best Wide Group	99.7
Tak Sing Alliance	52
Crocodile Garments	11.5

\* Figures from the companies' latest annual reports

**Hong Kong: Zhou Nan Affirms Citizenship Arrangements**

OW1505133696 Beijing XINHUA in English  
1135 GMT 15 May 96

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — China's top lawmaking body today said that citizenship arrangements for Hong Kong residents after next July are in line with China's own nationality rules.

The explanation adopted by China's top legislature in Beijing today on the implementation of China's Nationality Law in the Hong Kong Special Administrative Region (SAR) is consistent with the country's legal principles, and is also flexible and pragmatic to meet needs of Hong Kong residents after 1997, senior lawmakers said.

"The explanation solves the citizenship problem of major concern by Hong Kong people, and should be conducive to the smooth transfer of power to China in July 1, 1997 and Hong Kong's long-term prosperity and stability after that," said Zhou Nan after the legislature's vote on the explanation this morning.

Zhou, member of the Standing Committee of the National People's Congress (NPC) and director of the XINHUA NEWS AGENCY Hong Kong Branch, has been attending the 19th session of the top legislature which ended today.

The explanation says that from July 1, 1997 on, all Hong Kong residents of Chinese descent born in Chinese territory, including Hong Kong, will become citizens of the People's Republic of China (PRC).

The Chinese government will not acknowledge the British citizenship of Chinese citizens in Hong Kong as proposed by the Plan of the Right of Abode in Britain of the British government.

But from July 1, 1997 such Chinese citizens may use the passports issued by the British government as travel documents with which they will be able to travel to other countries and regions.

Zhou said this explanation is consistent with Chinese law ruling out double citizenships, but provides the most convenience for Hong Kong residents.

Hong Kong residents are very concerned about their citizenship after 1997, he noted.

Hong Kong is an international cosmopolitan city, whose citizenship situation is quite complicated, and the British plan further complicates the situation, according to him.

If the problems were not solved promptly, it will be difficult to issue SAR passport and produce administrative officials, he said.

China has made clear its stance on the issue, but the explanation adopted by the top legislature would further beef up Hong Kong people's confidence and be welcomed by them, Zhou said.

Tsing Hin-chi, member of the NPC Standing Committee and Hong Kong business elite, said what Hong Kong people, especially business people, care most about is whether they will be allowed to travel freely to other countries.

He said the explanation is quite preferential toward Hong Kong residents in this matter.

The explanation says that Chinese citizens in the Hong Kong SAR who intend to change their citizenship may resort to relevant departments in Hong Kong in charge of nationality affairs.

Tsing said this stipulation is also consistent with the principle of "Hong Kong people governing Hong Kong."

**Hong Kong: NPC on Nationality Law Application to Hong Kong**

OW1605043396 Beijing ZHONGGUO XINWEN SHE  
in English 0159 GMT 16 May 96

[FBIS Transcribed Text] 15 May (CNS) — In accordance with the Basic Law governing the future Hong Kong Special Administration Region (SAR), the Chinese Nationality Law will come into effect from 1 July 1997 in Hong Kong. While taking into consideration the historical backgrounds and present situation in the territory, the Standing Committee of the National People's Congress (NPC) has made the following interpretations in a session held this morning:

1. Any Hong Kong residents with Chinese descent, whether by virtue of births in a Chinese territory including Hong Kong or in fulfilment of the Nationality Law, are Chinese citizens.
2. All ethnic Hong Kong Chinese, whether they are holding British Dependent Citizens' Passports or British Nationals (Overseas) Passports, are considered Chinese citizens.

Starting from 1 July 1997, the above groups of Chinese citizens may continue to use British passports for travels but holders cannot enjoy any consular protection whilst they are in Hong Kong or any other Chinese territories.

3. Any Hong Kong-based Chinese citizens who obtained British citizenship by virtue of the British National Selection Scheme are considered as Chinese citizens. Their British citizenship will not be recognised in accordance with the Nationality Law and they are



accordingly not entitled to any consular protection whilst they are staying in Hong Kong or any other Chinese territories.

4. Ethnic Hong Kong Chinese who have been granted rights of abode in other foreign countries may travel to and from other foreign destinations by virtue of the appropriate documents issued by the foreign governments yet again no consular protection will be given to holders during their stay in Hong Kong or other Chinese territories.

5. In the event of any change concerning the nationality of the Chinese citizens residing in Hong Kong, they

may report such changes to the appropriate Hong Kong government department.

6. The appropriate Hong Kong government department mentioned in point (5) above refers to the Immigration Department of the Hong Kong SAR Government who will be empowered to exercise the Nationality Law and affiliated regulations to handle all nationality applications.

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